



Daily Report

China

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Daily Report China

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General

UN Session Stresses Disarmament

OW0306144588 Beijing XINHUA in English
2335 GMT 2 Jun 88

[Text] United Nations, June 2 (XINHUA)—Multilateral efforts towards disarmament were stressed by speakers at the UN General Assembly's third special session devoted to disarmament as it went into its third day today.

Finnish Prime Minister Harri Holkeri said that the General Assembly should renew the collective commitment to multilateral disarmament efforts within the United Nations across a broad range of issues.

He added that a universal convention banning all chemical weapons everywhere for all time was the most promising prospect in that regard.

President George Vassiliou of Cyprus noted that the movement of non-alignment had made a substantial contribution to the new climate in international relations.

He expressed support for the six-nation initiative put forward by Greece, Argentina, India, Mexico, Tanzania and Sweden concerning nuclear disarmament in general and the establishment of an integrated multilateral verification system in particular.

Chinese Foreign Minister Qian Qichen presented an eight-point disarmament program, which, among other things, includes a declaration by nuclear-weapon countries against the first use of such weapons, an understanding not to use them against non-nuclear-weapon countries or nuclear-free zones.

The eight-point program also calls for an international agreement to prohibit space weapons and the conclusion at an early date of a convention on the complete prohibition of chemical weapons.

Foreign Minister of the German Democratic Republic Oskar Fischer said the assembly session should produce a final document setting out speedy disarmament solutions as well as longer-term tasks.

Among priority steps, he said, should be the use of funds released through disarmament for economic and social development, especially in developing countries.

French Foreign Minister Roland Dumas said that France attached the highest priority to a global ban on chemical weapons and that it could not accept a convention unless it was universal, global and verifiable.

He said progress in disarmament also required full transparency of military information, especially with regard to budgets.

He proposed that the session's final document appeal to all countries to communicate to the secretary-general quantified data relating to their military budgets before it is evaluated by the United Nations.

Qian Qichen Meets Counterparts at UN

Meets Australia's Hayden

OW0506164438 Beijing Domestic Service
in Mandarin 0200 GMT 3 Jun 88

[Text] Chinese Foreign Minister Qian Qichen met with his Australian counterpart William Hayden at the UN headquarters on 1 June. Both sides exchanged views on the Cambodian issue. The two foreign ministers unanimously called on Vietnam to withdraw all its troops from Cambodia; and advocated a political settlement of the Cambodian issue. They held that Vietnam should participate in the talks and meetings with regard to the Cambodian issue instead of staying aloof from this matter.

Meets France's Dumas

OW0406004888 Beijing XINHUA in English
0707 GMT 3 Jun 88

[Text] United Nations, June 2 (XINHUA)—Chinese Foreign Minister Qian Qichen and his French counterpart Roland Dumas had a friendly meeting at the UN headquarters today. The two foreign ministers, both newly appointed, expressed satisfaction with the development of relations between the two countries. Dumas said he would strive to enhance friendship and cooperation between France and China.

Both sides acquainted each other of their views and positions on disarmament. They agreed that the foreign ministries of the two countries will keep consulting each other on this matter.

The Chinese foreign minister also had separate meetings today with Yugoslav Foreign Minister Budimir Loncar, New Zealand Foreign Minister Russell Marshall and Mexican Foreign Minister Bernardo Sepulveda Amor.

Qian Qichen Meets Head of Nonaligned Movement

OW0306185288 Beijing XINHUA in English
0632 GMT 3 Jun 88

[Text] United Nations, June 2 (XINHUA)—Chinese Foreign Minister Qian Qichen called on Robert G. Mugabe, president of Zimbabwe and current chairman of the Nonaligned Movement, at the UN headquarters today.

Qian conveyed to President Mugabe the best regards from Chinese leaders and expressed appreciation for the positive role of the Nonaligned Movement in maintaining peace and striving for disarmament.

President Mugabe noted with satisfaction the development of friendly relations between Zimbabwe and China. He also asked the Chinese foreign minister to convey his best wishes to Chinese leaders.

The two sides exchanged views on the present international situation and regional issues in Asia and southern Africa.

The Chinese foreign minister also called on Prime Minister of Ireland Charles J. Haughey today.

Qian Qichen on Sino-U.S. Relations, Taiwan
OW0406073888 Beijing XINHUA in English
0705 GMT 4 Jun 88

[Text] New York, June 3 (XINHUA)—Chinese Foreign Minister Qian Qichen said here today that China welcomes the detente to a certain degree between the United States and the Soviet Union, but he said that it will not be easy for them to develop the process continuously and steadily.

Answering questions at a breakfast party given in his honor by the National Committee of U.S.-China Relations, Qian Qichen said it seems that a world war is not likely in the remaining 12 years of the 20th century.

If this came true, Qian said, there would be a period of peace during which dialogues between nations would develop. "We say dialogue is better than confrontation because it is in the interest of peace," Qian said.

Asked about the basis for the growing Sino-U.S. relations, Qian said the foundation lies in the very fact that the development of Sino-U.S. relations is favorable to world peace and is in the interest of both countries, not just one of them.

On the prospects of Sino-U.S. trade relations, Qian said China maintains a positive approach to its trade with the United States, but it often comes upon troubles from the United States, such as quotas on Chinese exports and difficulties in acquiring the most-favored-nation treatment.

In contrast to the policy of opening to the outside world now pursued by China, Qian said, trade protectionism is still practised in the United States.

There seems to be more freedom in China than in the United States in terms of trade, Qian said.

As regards the situation on the Korean peninsula, the Chinese foreign minister said that China is concerned about peace and stability in the Korean peninsula and China supports the position of the Democratic People's Republic of Korea in calling for the independent and peaceful reunification of the country.

Since peace and stability on the Korean peninsula is the concern of many nations in the world, it can be maintained through the joint efforts of various countries as well as those of the north and south of Korea.

Upon the relations between Taiwan and the Chinese mainland, Qian said that since the Taiwan authorities began to permit some of their residents to visit their relatives on the mainland last year, the exchange of visits between the people on both sides of the Taiwan Straits has actually started.

Qian said correspondence between these people is already a fact since they can exchange letters through the help of the Red Cross Societies.

Along with the exchange of letters and visits, there has emerged an interest in doing business. Qian said it is a healthy trend that trade and investments across the straits are growing, too.

Qian said: "We are always ready to negotiate peaceful unification with the Taiwan authorities, but there has been no progress in this respect."

Present at the breakfast party were more than 30 people including leaders of the National Committee on U.S.-China Relations Arthur H. Rosen, David M. Lampton and Raymond P. Shafer, president of the Rockefeller Foundation Richard Lyman and Vice President Kenneth Prewitt, and Chinese Permanent Representative to the United Nations Li Luye and his deputy Yu Mengjia.

Qian Qichen Meets UN Secretary General
OW0406121488 Beijing XINHUA in English
0629 GMT 4 Jun 88

[Text] United Nations, June 3 (XINHUA)—Both Chinese Foreign Minister Qian Qichen and UN Secretary General Javier Perez de Cuellar today considered it necessary to further strengthen the role of the United Nations at the present moment.

During the 45-minute meeting at the UN headquarters this afternoon, both sides exchanged views on a number of major issues facing the current session of the General Assembly, particularly the issues on the regional conflicts.

The Chinese foreign minister appreciated the efforts made by the United Nations in seeking solutions to the regional conflicts.

They also expressed satisfaction over the friendly cooperation between China and the United Nations.

Today, Qian also met with UN Under Secretary General Rafeeddin Ahmed, Indonesian Foreign Minister Ali Alatas, Romanian Foreign Minister Ioan Totu, Czechoslovak Foreign Minister Bohuslav Chnoupek and Burundi Foreign Minister Cyprien Bonimpa.

UN Honors 2 Provincial Units' Environment Work
OW0506133588 Beijing XINHUA in English
2332 GMT 4 Jun 88

[by Huang Jin]

[Text] Nairobi, June 4 (XINHUA)—The United Nations Environment Programme (UNEP) tonight announced its awards to 94 individuals and organizations from 59 countries for their "outstanding environmental achievements."

They were named on the eve of World Environment Day, June 5, to the "Global 500" roll of honour for environmental achievements inaugurated last year by the UNEP to recognize their successes in protecting and improving the natural environment.

According to the executive director of the Nairobi-based UNEP, Dr. Mostafa Tolba, the UNEP intends to make a total of 500 such awards over the five years between 1987 and 1991 to individuals and organizations all over the world for their contributions to environment.

The 1988 award recipients include tree planters in rural Asia, scientists in the Middle East, environmental campaigners in Europe and Latin America, conservation lobbyists in North America and wildlife experts in Africa.

Announcing the awards tonight, Dr. Tolba, an Egyptian microbiologist, said, "these awards celebrate successes in protection and improvement of the environment, and the UNEP hopes the recognition will encourage other individuals and groups to emulate these achievements."

Among this year's award winners selected from 800 nominations of 80 countries are 15 individuals and organizations in 13 African countries. They are Cameroon, Egypt, Ethiopia, Kenya, Nigeria, Senegal, Seychelles, Sierra Leone, Somalia, Sudan, Swaziland, Tunisia and Zimbabwe.

Dr. Perez Olindo, director of the Kenyan Wildlife Conservation and Management Department, is among the African winners. He is described as an outstanding and courageous administrator in wildlife and national parks management.

Li Shuangliang, a Chinese technician of the Taiyuan Iron and Steel Plant in China's Shanxi Province, won the award for recycling eight million tons of wastes for construction materials between 1985 and 1987.

Among the 18 organization winners are two units from China. They are the institute of desert research in China's northwestern city of Lanzhou and Shanyi village in China's eastern province of Zhejiang.

The institute was awarded for its pioneer research in desertification control using sand dune fixation, stabilization by afforestation and chemical means, irrigation and dry cultivation of plants on sand dunes.

The village, a community of 3,000 people, made major energy saving through improving cook stoves and biogas, reforested its environment and improved water supply and housing.

World Food Program Grants Aid to 2 Provinces
OW0406063288 Beijing XINHUA in English
0049 GMT 4 Jun 88

[Text] Rome, June 3 (XINHUA)—The committee on food aid policies and program of the World Food Program (WFP) Friday announced two projects of food aid to China.

The aid of 156,275-ton wheat, valued at 26.61 million U.S. dollars, will go to Nayong and Zhijin counties of Guizhou Province and Shaanxi Province's Yanan region.

So far, China has received WFP food aid in 45 projects, which contributed much to boosting production and improving the life of farmers in more than 200 poor counties.

'Commentary' on 4th Shultz Visit to Middle East
HK0606060988 Beijing RENMIN RIBAO in Chinese
5 Jun 88 p 6

[Commentary by RENMIN RIBAO reporters Lu Zhixing (0712 1807 2502) and Wu Wenbin (0702 2429 2430): "Why Shultz Is Visiting the Middle East a Fourth Time"]

[Text] Damascus, 2 Jun (RENMIN RIBAO)—On 3 June, U.S. Secretary of State Shultz will begin a round of visits to Egypt, Jordan, Syria, and Israel to continue his Middle East peace initiative. This is his fourth visit to the Middle East since last February. People may ask: Will Shultz bring any new schemes this time? Will he be able to break the deadlock?

Since late February this year, Shultz has made three visits to the Middle East: During the first, he expressed the Reagan Administration's intention of resuming its participation in the Middle East peace process and sounded out reactions in this region; on his second visit, Shultz put forth the "program for phased settlement"; and on the third visit, he solicited the reactions and opinions of various parties concerned. Israel stubbornly rejected the proposal for holding an international conference on Middle East peace and for exchanging the occupied land for peace; while the Arab countries insisted that an international conference must be held and Israel must withdraw from all the occupied Arab territories. The gap between the two sides was too wide, and Shultz returned home empty-handed from all three previous visits to the Middle East.

In the past month, the Soviet Union has also increased its attention to the Middle East issue. Reportedly, after the settlement of the issue of withdrawal of forces from Afghanistan and the holding of the Soviet-U.S. summit meeting, the Soviet Union will shift the focus of its diplomatic work to the Middle East. Soviet Foreign Minister Shevardnadze will visit the Middle East in mid-June, and will talk with Arab leaders about an international conference on the Middle East issue and other relevant issues. In late May, the Soviet Union put forth a proposal for setting up a preparatory committee for an international peace conference, and it was said that the proposal was rather popular with the Arab world.

In addition, the Arab countries will soon hold a special summit meeting to discuss the issue of supporting the anti-Israeli struggle of the people in the occupied territories. At that meeting, they will also coordinate their positions on Shultz's Middle East peace proposal. Under these circumstances, Shultz decided to take forestalling action by coming to the Middle East. On the one hand, he will advise the Arab leaders not to reject the U.S. peace proposal at the special summit meeting; on the other hand, he will try to change the "negative" attitude of Egypt and Israel toward the U.S. proposal so as to prevent the Soviet Union from having a hand in Middle East affairs and to grasp the initiative in the Middle East peace process.

After Shultz's third visit to the Middle East, Syria, Jordan and the PLO had frequent contacts with each other and reached a common position on the issues of holding an international conference on the Middle East issue, demanding the withdrawal of Israeli forces, and Palestinian national rights, and they required the United States to revise its peace program. In Israel, Shamir continued to maintain his stubborn position, and Foreign Minister Perez also changed his attitude and proposed five principles in his election campaign program: No withdrawal from the areas occupied in 1967, no change in current borders, no change in the decision to make Jerusalem the capital of Israel; no reduction in the number of Jewish settlements; and no agreement to the establishment of a Palestinian state. Some people say that Shamir and Perez are just two sides of a coin on the issue of the Middle East peace talks and the Arab-Israeli disputes.

Observers here hold that since Shultz encountered one setback after another in his previous three visits to the Middle East and the Arab nations and Israel still toughly adhere to their respective positions, this time Shultz will still face many difficulties. Now Shultz undertook the shuttle diplomacy mission in order to realize the strategic plan of the United States in the Middle East. However, so long as the United States does not change its position of being biased toward Israel and does not recognize the legal rights of the Palestinian people, it will never be able to fundamentally solve the Arab-Israel dispute. Whether it be Shultz or his successors, or however many visits they make to the Middle East, they will just be getting nowhere in their Middle East mission.

HSIN WAN PAO Views Shultz Middle East Trip
HK0606125888 Hong Kong HIN WAN PAO in Chinese
6 Jun 88 p 1

["New Talk" column: "Shultz Worries About a New Middle East War"]

[Text] Yesterday U.S. Secretary of State Shultz returned to Egypt from Israel. He still was unable to persuade Israel to accept the Middle East peace proposal.

This is Shultz's fourth visit to the Middle East in 1988. The present visit is occurring shortly after the U.S.-Soviet summit meeting. Regional conflict was one of the four items listed in the Moscow meeting agenda between Reagan and Gorbachev. The conflict between Israel and the Arab nations has lasted 40 years and involved four wars, and is the longest and most all-embracing regional conflict.

Shultz' purpose in visiting the Middle East following the U.S.-Soviet summit meeting is not to solve Israeli-Arab conflict on behalf of the two superpowers. His purpose is to go to the Middle East earlier than the Soviet Foreign Minister Shevardnadze so that he can canvass in the region.

Shevardnadze plans to visit the Middle East in the middle of this month to discuss with leaders of the Arab nations issues such as an international conference on the Middle East, and so on. At the end of last month the Soviet Union proposed establishing a preparatory committee for an international peace conference. This proposal has reportedly been praised by Arab nations.

When Shultz returned to Cairo yesterday he expressed his dissatisfaction with the Israeli attitude. In addition, he announced that both the United States and the Soviet Union were embarking on a path of solving the Middle East issue together.

Long before the Soviet Union came up with the idea of establishing the international preparatory committee for the Middle East peace conference, Shultz had already worked out a Middle East peace package for "solving the issue of the Middle East by stages." He visited the Middle East on four separate occasions. His purpose in so doing is to promote the U.S. peace plan, so that Egypt and Jordan will change their "passive" attitude toward the United States. By so doing, the possibility of the Soviet Union meddling in Middle East affairs will be ruled out, and the United States will exclusively take the initiative in the Middle East peace process.

Over the past 40 years, Israel has been relying on the United States for its survival and expansion. At present, the United States has been attracting the Arab nations on a limited scale in order to compete with the Soviet Union. This matter has aroused Israeli discontent.

The Israeli Prime Minister Shamir has continued to stick to his stubborn stand. Before leaving for the United States to attend a UN special meeting on disarmament,

he particularly announced a decision on expelling an American Arab, because he had always opposed Israeli violence against Palestinians in the occupied territory.

Recently, in his election program, the Israeli Minister of Foreign Affairs Peres put forward the five-nots principles: Israel will not retreat from the territory occupied in 1967; the existing boundary will not be changed; the decision on taking Jerusalem as the capital of Israel will not be changed; the settlement areas of the Jews will not be reduced; and the plan to establish a Palestinian state will not be favored.

Shultz has constantly tried to persuade Israel to give up its occupation of the western bank of the Jordan and Gaza. The land is intended to be used in exchange for peace. These two places formerly belonged to the Arab and Palestinian people, but the Israelis have refused the idea and still continue their armed suppression of those two places.

After Shultz' third visit to the Middle East, Syria, Jordan and the PLO frequently contacted each other with the aim of unifying their stand on an international conference on the Middle East, the withdrawal of Israeli troops, the rights of the Palestine nation, and so on. They have urged the United States to revise its peace plan.

Shultz is worried by the possibility that under the influence of the Soviet Union a special meeting of the Arab heads of state, which is to be held soon, will make a decision on further promoting unity in opposing Israel. This is the reason why yesterday, on the one hand he criticized Israel's continued occupation of the West bank of the Jordan and Gaza as a one-way street and, on the other hand, he hinted that a new war will break out in the Middle East—the fifth Middle East war.

Spokesman Denies Silkworm Missiles Sent to Iran
OW0606063288 Beijing XINHUA in English
0530 GMT 06 Jun 88

[Text] Beijing, June 6 (XINHUA)—“Long ago China took strict measures to stop Silkworm missiles from entering Iran via the international market,” a Chinese Foreign Ministry spokesman said here this morning.

The spokesman made the statement when asked to confirm a report by THE WASHINGTON TIMES on June 3 that China sent a shipment of Silkworm missiles to Iran through North Korea in May as disclosed by a high-ranking U.S. official.

“The U.S. Government is well aware of this fact,” the spokesman said, “and I don't know why this U.S. official is still spreading this rumor.”

Li Peng Praises Friendship With Japan, Nepal
OW0306135788 Beijing XINHUA in English
1124 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA)—Chinese Premier Li Peng highly spoke of the historic feat of successful cross-traverse over 8,848.13-meter Mount Chomolangma [Everest] by the China-Japan-Nepal friendship expedition on May 5 when he received leaders, summitters of the three teams of the joint expedition and the two congratulation delegations from Nepal and Japan here today.

At the beginning of the meeting, Li Peng said: “I would like to express my warm welcome and lofty consideration to the summitters of the tri-nation expedition on behalf of the Chinese Government and in my own name.”

Li Peng added that the expedition's cross-traverse success over Mt. Chomolangma would encourage the peoples of the three countries to conquer new peaks in the other fields of sports.

The Chinese premier concluded that “the deeds of the expedition have demonstrated the unity and cooperation among the climbers of the three countries. I believe that the unity and cooperation will be further consolidated and developed in future.”

Attending the meeting were 13 of the 14 summitters of the Chinese, Japanese and Nepalese climbing teams of the joint expedition, the Japanese congratulation delegation which includes its head Sakurauchi Yoshio and Obayashi Yosoz, and the Nepalese congratulation delegation led by Minister of Tourism Mohammed Mohsin.

Present on the occasion were Li Menghua, general adviser of the Chinese team of the expedition and minister of the Chinese State Physical Culture and Sports Commission, and Shi Zhanchun, general captain of the expedition and president of the Chinese Mountaineering Association.

Also present were Japanese Ambassador to China Toshihiro Nakajima and Nepalese Ambassador to China Nayan Bahadur Khatri.

XINHUA 'Commentary' Views U.S.-Soviet Summit
OW0206190888 Beijing XINHUA Domestic Service
in Chinese 0533 GMT 2 Jun 88

[“Commentary: While the Momentum of Dialogue Is Maintained, Strife Remains Acute” by XINHUA reporter Shen Yiming]

[Text] Moscow, 1 Jun (XINHUA)—The four rounds of talks scheduled for the Soviet-U.S. summit concluded today. The result of these talks indicated that the summit failed to solve any major questions concerning strategic arms reduction, the focal point of the negotiations, but both sides showed a certain degree of restraint and a

businesslike approach. Despite their "sharp" clashes on some issues of major differences, both tried to avoid a head-on confrontation. Both wanted to keep the momentum of the dialogue.

The agenda for this summit did not include the signing of a treaty for a 50-percent reduction of strategic weapons, nor was it taken as the goal of this summit to reach agreement on other major issues. During the summit, however, the test of strength between the two sides centered on such questions as arms control and especially on strategic weapon reduction. At a press conference following the talks, Gorbachev criticized the U.S. "Star Wars program" as "a highly destabilizing element." Reagan stressed in his own press conference that the United States views verification of strategic weapons as "one of the most important and difficult issues." Both sides said that the summit had "made progress" on the question of verification, but did not reveal what progress had actually been made.

The rhetoric of both sides before the end of the summit and the joint statement they issued after the summit give people this striking impression: Although possibilities exist for the solution of the longstanding, large, and difficult problems presently confronting strategic weapon reduction negotiations and for the signing of such a treaty within the half-year before the end of the Reagan administration's term, it cannot be perceived at this time that the two sides have made a political decision to sign the treaty within the above-mentioned period. On this issue, their voices have become increasingly low-pitched. At today's press conference, Reagan dropped a hint by saying that the solution of these questions "requires long-term negotiations," adding that if no agreement is reached during his term of office, he hopes that "his successor will continue this task." Gorbachev also deemed it "very imperative" to meet with the next president of the United States. As can be seen, the relay baton for the 50 percent cut of strategic weapons will be passed on to the next U.S. president.

At the summit, the U.S. side intentionally used the so-called human rights issue to exert pressure on the Soviet side. Giving tit for tat, the Soviet side tried to hit the American sore spot in this respect. We may say that after they had quarreled with each other, basically the game ended in a draw.

Observers here had expected that some prospects could appear for the solution of one or two questions on the issue of regional conflicts as a result of the two leaders' talks during the summit. However, Gorbachev merely said that the two sides had discussed the issue of regional conflicts "in the greatest depth," but without further elaboration on the result of the discussion. Whether a tacit agreement was reached at the talks between the two sides is unknown. Gorbachev only stressed the "practicality" of resolving regional issues through political means and on the basis of "balanced interests." Also, Reagan merely gave a generalized account by saying that

he and Gorbachev had agreed that regional conflicts should be settled by "peaceful means" and admitted that the method for solving the Afghan issue may be applied to other regions.

During this summit, while admitting the existence of serious differences on a number of major issues, both sides grasped the banner of developing dialogue and cooperation. The joint statement views the summit as "a major step" to lay "a more fruitful and firmer foundation" for Soviet-U.S. relations. In addition to two minor arms control agreements, seven bilateral cooperative agreements were signed during the summit. Both leaders expressed determination to promote economic and trade relations and expand the exchange of personnel so as to increase mutual understanding.

Viewed as a whole, due to the relatively complicated questions of limits for various weapons and of verification involved in the issue of strategic weapon reduction, and because of the subjective as well as objective restricting factors in both the Soviet Union and the United States, neither of the two sides had pinned too much hope on the Moscow summit as a way to solve major questions. What they wanted was to continue to keep the momentum of their dialogue. It can be affirmed that their battle for strategic interests will go on while they are continuing their dialogue.

XINHUA 'News Analysis' on Summit

OW0306203388 Beijing XINHUA Domestic Service
in Chinese 1151 GMT 3 Jun 88

["News Analysis: A Meeting That Serves as a Connecting Link between the Past and the Future" by reporter Shen Yiming—XINHUA headline]

[Text] Moscow, 2 Jun (XINHUA)—U.S. President Reagan has left Moscow for home today after winding up his 5-day meeting with Soviet leader Gorbachev. Thousands of reporters who came here to cover this summit are also leaving. Observers who have followed this summit are carefully pondering these questions: How should this summit be assessed? What will be its impact on the development of Soviet-U.S. relations?

Certainly, the Moscow summit did not produce any result that can be described as a "major breakthrough," compared with the three preceding meetings. The 1985 Geneva meeting broke the Soviet-U.S. stalemate that had lasted for 6 years and opened a path for reinstating dialogue and prompting arms control negotiations. The 1986 Iceland summit, though stalled by the differences on the question of space weapons, laid groundwork for the subsequent nuclear arms reduction talks. The 1987 Washington summit produced a treaty for the total destruction of intermediate-range missiles, opening the first page in the history of disarmament on the genuine reduction of nuclear weapons. At most, however, what the Moscow summit accomplished in the area of arms control was the exchange of instruments ratifying the

intermediate-range nuclear treaty, which the two leaders had signed 5 months ago, an accord on joint verification of underground nuclear test experiments, which the two sides had agreed upon at the end of last year, and an accord on notification of launches of intercontinental and submarine-launched missiles. With respect to bilateral relations, some agreements were signed on cultural exchange and scientific and technological cooperation. It is, of course, worth welcoming that the two highly competitive opponents can reach some agreements in the areas of armament and bilateral relations, even though they are not important agreements. Regarding such major issues as space weapons and strategic arms reduction, however, serious differences remain between the two sides despite the fact that their positions have become somewhat closer in certain less important areas.

Of course, it would be unfair not to give due attention to the Moscow summit because it produced no major breakthrough. An analysis of the background of the Moscow summit may assist us in making an objective assessment of this meeting.

The Soviet Union and the United States held four summit meetings in 3 years, in Geneva, Reykjavik, Washington, and Moscow respectively. This produced the initial change in the state of serious confrontation. After acute negotiation, the two sides finally signed and officially put into effect a treaty for destroying an entire class of nuclear weapons—intermediate and medium-short range missiles. They also prompted the Geneva agreements on Afghanistan. Now the Soviet Union has begun to withdraw its troops from Afghanistan, resulting in improved Soviet-U.S. relations, to a certain extent. Out of their different strategic interests, both the Soviet Union and the United States want to see that this trend is maintained.

As can be seen from this summit, the Soviet Union focused its attention on maintaining the momentum of dialogue with the United States and formulating basic principles on the relations between the two countries and on some major international issues, so as to lay groundwork for dealing with the next U.S. president. The Soviet Union hoped to create a favorable international situation so that it may concentrate its efforts on facing the rigorous challenges before it. The U.S. side did not significantly change its basic strategy and principle in dealing with the Soviet Union. However, because of its considerable difficulties at home and abroad and in consideration of the general election, the United States had to adjust its Soviet policy by incorporating a certain degree of "realism" so as to ease the relations between the two countries.

It was in front of such a background that the Moscow summit became a connecting link between the past and the future by consolidating the progress already made while continuing the dialogue. The joint statement issued in the wake of the summit gives people a deep convincing impression about this. First, the statement

reaffirms the fundamental beliefs that the two leaders put forth at the last summit, namely: "There could be no winner in a nuclear war," "at no time should a nuclear war be started," and "it is determined to prevent any war between the Soviet Union and the United States." Second, the statement stresses the vital significance of developing dialogue, saying that it is necessary to view the dialogue as "a constructive basis for solving the problems for today, tomorrow, and 100 years to come." The reiteration of the above two points in the statement indicates that both the Soviet and the U.S., out of their different strategic considerations, want to compete with each other under the condition of maintaining a relatively all-viated tension. Under these circumstances, the fundamental thinking affirmed by the Moscow summit will have a positive impact on Soviet-U.S. relations for some time to come, provided that there is no major change in the strategy on both sides.

It should be noted, of course, that differences between the two countries are intensive, the feeling of insufficient confidence in each other has not been eliminated, and the arms race has not come to a halt. It has been revealed that Gorbachev has proposed to Reagan several measures for peaceful coexistence of the two countries and suggested that they be included in the joint statement. At first Reagan agreed to this suggestion, but later it was vetoed by other American representatives. Gorbachev said that during the last round of talks, he and Reagan argued sharply on the wording of the joint statement. This shows the seriousness of the Soviet-U.S. differences. As can be seen, since it is hard to reconcile the conflict between the fundamental interests of the Soviet Union and the United States, even if dialogue can be continued, their keen struggle will continue, sometimes seriously and sometimes less so. Blind optimism will be groundless.

Russian-Language Radio Beam's View

*OW0406152888 Beijing in Russian to the USSR
1800 GMT 3 Jun 88*

["International Events Review" program; correspondent (Hung Bo)]

[Text] The Moscow meeting between the CPSU general secretary and the U.S. president is over. Both sides consider the meeting successful. They expressed satisfaction with the result. Although progress was achieved at the meeting there were no important breakthroughs, as was expected beforehand. The United States and USSR finally, on the eve of the meeting, ratified the INF treaty, thus securing the exchange of ratification documents and (?completing) its implementation. The signing of the INF treaty is an essential step by the USSR and United States on a long path to disarmament and it is (?worthy) of hailing. Implementation of this treaty will allow mankind to rid itself of the threat of one entire class of nuclear arms.

However, as has been widely noted, the number of intermediate-range missiles subject to destruction represent only 4 percent of the two countries' nuclear stockpiles. If the two sides do not progress and do not achieve an agreement on a considerable reduction of strategic offensive arms, the significance of the INF treaty will be limited.

In the course of the meeting, the leaders of the two countries discussed this question but their views differed substantially. Reagan expressed hope for overcoming the differences before the end of this year, and for development of an agreement on a 50-percent reduction of strategic nuclear stockpiles of the two countries. Gorbachev, in his turn, also expressed readiness to move step-by-step toward such a treaty.

Naturally, the rest of the world all the more wishes the United States and USSR, the states having the largest nuclear stockpiles, to proceed from common interests of mankind, actually fulfill their special responsibility for disarmament, sign the 50-percent reduction of strategic nuclear arms as early as possible, then proceed toward reduction of the remaining halves of their nuclear stockpiles.

During the meeting, Gorbachev and Reagan also discussed regional conflicts in Afghanistan, the Middle East, Cambodia, the Korean peninsula, Central America and South Africa. It is reported that the central contradictions in these questions were not eliminated. Numerous and protracted regional conflicts are not beneficial to the cause of world peace and stability. This is why the peoples of the world always oppose the interference of great powers into regional conflicts and support their political settlement, the end of aggression, withdrawal of foreign troops, and respect of sovereignty of each state.

The USSR has now started the withdrawal of its troops from Afghanistan. Let us hope that the USSR, being a supporter of the SRV, will prompt the latter to an earlier withdrawal of troops from Cambodia and not limit itself to verbiage.

In the course of the Moscow meeting an argument arose about human rights. The White House representative emphasized that the question of human rights has a special significance, and the USSR representative bitingly responded that the U.S. declaration contains propagandist and demagogical elements. This episode showed disagreement between the United States and USSR, who achieved only superficial accord.

Speaking on the present summit meeting, Gorbachev said that his talks with Reagan laid a foundation for further USSR-U.S. relations, with new development of the USSR-U.S. dialogue being one of the main results of this meeting.

Of course we welcome this dialogue, because improvement of USSR-U.S. relations undoubtedly promotes the relaxation of international tension.

XINHUA Analyzes European View

OW0306155888 Beijing XINHUA in English
1403 GMT 3 Jun 88

["News Analysis: Echo from Leman Lake to Moscow Summit (by Shen Xiaoquan)"]—XINHUA headline]

[Text] Paris, June 2 (XINHUA)—In the wake of the U.S.-Soviet summit in Moscow, the local press turned its attention to Evian, a small French town by the side of the Leman Lake, where French President Francois Mitterrand and Federal German Chancellor Helmut Kohl met for four hours of emergency talks today.

In a positive response to the just concluded superpower summit, Kohl described it as a "perfect success." He said he was grateful to U.S. President Ronald Reagan as he had represented the West and the interests of Federal Germany in a convincing way, and added that the results of the summit would have a "positive effect" on his planned visit to Moscow on October.

Mitterrand also welcomed the summit, saying it showed things are evolving in the right direction.

The improved relations between the United States and the Soviet Union promise greater security for Europe, the main battleground of the two world wars and now clouded by the East-West confrontation ever since the end of World War II.

But nuance in their positive assessment of the summit is detected, with Federal Germany being more hopeful about the arms cut accords because of its geographical location, while France, like Britain, both nuclear states, stressed the need to maintain an independent nuclear force as a deterrent.

With the conclusion of the intermediate nuclear forces (INF) treaty which may serve as a catalyst for further talks on strategic nuclear weapons, West European nations are faced with the problem of how a "decoupling" of U.S.-West European defense, should it occur, would affect the security in their region.

The U.S.-West European alliance is preconditioned and based to a great extent on East-West confrontation, and the continual warming-up in U.S.-Soviet relationships calls into question the need to continue such allied relations.

The misgivings of Western Europe about relaxed U.S.-Soviet relations lie deeper—the conversion of their mutual enmity into amity is dictated by need to remove the drain on their resources from their longstanding confrontation. Out of the need to maintain confrontation with the Soviet Union, the United States had tried to maintain its alliance with Western Europe at the expense of economic interests.

Once such need subsides, the economic contradictions between the United States and Western Europe would surface one on top of the other. More trade wars such as those on oranges, corn and airplanes in the past are expected in the future, with the United States likely to become more unscrupulous.

All this explains why both Mitterrand and Kohl stressed the pressing need to step up European construction and the creation of a unified market in Europe, as an indirect but down-to-earth answer to the U.S.-Soviet summit in Moscow.

RENMIN RIBAO OVERSEAS 'Commentary'
HK0406060788 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 4 Jun 88 p 6

["Commentary" from Moscow by correspondents Zhang Qixin (1728 0796 2500) and Zhou Xiangguang (0719 6272 0342): "Maintain the Momentum of Dialogue—Commenting on the Moscow Soviet-U.S. Summit"]

[Text] The Soviet-U.S. summit concluded in Moscow after 4 days of intense talks. During the summit a Soviet-U.S. joint declaration was issued, instruments ratifying the INF Treaty were exchanged, and nine agreements concerning arms control and bilateral relations were signed. On the whole, this was a meeting to explore further detente and to work out new rules for dialogue. During the talks, both sides strove to maintain a good and harmonious atmosphere and endeavored to show the world a new tone in U.S.-Soviet relations.

The strategic weapons treaty remained an important topic in their talks. In their joint declaration the two sides detailed the common points reached after talks held during the past year or so and held that these common points will be the basis for future treaties. The two sides also decided that the Geneva talks will be continued from the middle of July this year and that if a treaty on cutting strategic weapons by 50 percent can be agreed in the coming few months, it will be signed immediately.

The two sides still hold different views on the question of the antiballistic missile treaty. During the meeting, the two sides did not argue much and only demanded that a separate agreement should be reached through talks on the basis of the wording of the joint declaration issued last year's Washington meeting. At a press conference on conclusion of the summit, Gorbachev said that on the one hand, arms on earth are controlled and on the other, the U.S. strategic defense initiative demands the deployment of arms in outer space. This is illogical. However, a White House spokesman said on another occasion that the U.S. strategic defense initiative and the reduction of strategic arms supplement one another.

Foreign journalists here held that the summit has not made the anticipated major breakthrough on the issue of arms control. Although the Soviet-U.S. joint declaration

mentioned certain progress, most of this progress is confined to principles of intention and lacks substantive content. This reflects the two sides' desire to reach an agreement on strategic weapons. It also reflects that their differences cannot be settled for the time being and that future talks will remain arduous.

Regarding regional issues, the two heads of state made positive appraisals at the meeting of the Geneva Agreement on a political solution to the Afghan issue and held that the agreement will have a good influence on the settlement of other regional issues. In the joint declaration, the two sides have said that in principle that they will jointly take constructive actions and will continue to hold a dialogue to help solve regional conflict in a peaceful way. This seems to show that the Soviet Union and the United States will endeavor to relax regional tension in their own interests while avoiding direct conflicts.

During the summit the two sides found the human rights issue rather knotty as they crossed swords. This was unexpected. During their talks, and on many other occasions, President Reagan mentioned the human rights issue. He said that the United States regards the human rights issue as an important factor in improving U.S.-Soviet relations. Gorbachev also stated on different occasions that both the Soviet Union and the United States have their own value concepts and that one should not interfere in the affairs of others, lecture others, or impose one's views on others. However, such crossing of swords did not have an impact on the major orientation of the summit.

The Moscow summit has attracted worldwide attention. Although the concrete results of the meeting are not very prominent the media here universally held that under the present circumstances, the significance of the Moscow meeting between the Soviet and U.S. heads of state itself exceeds that of the documents signed, and the meeting occupies a certain position in Soviet-U.S. relations during the 1980's.

First, the summit has maintained the momentum of Soviet-U.S. dialogue over the past 3 years. Leaders of the two countries fully affirmed the four meetings held since November 1985. They believed that these meetings have resulted in the initial change in the relations between the two countries from confrontation to dialogue and, are conducive to attaining a new level of mutual understanding.

Second, the Moscow summit is also a continuation and development of the previous three meetings. The Geneva summit meeting put forward the targets for U.S.-Soviet relations in the present stage including stepping up dialogue, curbing confrontation, promoting talks, cutting armaments, reducing conflicts, and strengthening stability. The momentum for cutting nuclear arms appeared at the Reykjavik meeting and the INF treaty was signed at the Washington meeting. Although the treaty on a 50 percent reduction in strategic weapons was not signed at the recent summit, the determination to

make efforts to conclude such a treaty was reiterated, and the expansion of political dialogue to settle issues of common concern was put forward. This tendency has been positively assessed by the people.

However, both the Soviet Union and the United States, two big countries, admitted that serious fundamental differences remain between them. During the meeting the two leaders stated that it was necessary to solve existing and future problems through dialogue on a realistic basis. Viewed from the angle of future Soviet-U.S. relations the two sides will continue to hold dialogue and avoid serious confrontation.

CHINA DAILY Comments

HK0406022088 Beijing CHINA DAILY in English
4 Jun 88 p 4

[By CHINA DAILY commentator: "Moscow Summit"]

[Text] The United States and the Soviet Union have just concluded another summit meeting in Moscow, the fourth in 30 months. The high frequency of such meetings in the last four years indicates that both superpowers have a strong desire to improve strained relations through negotiations. This is a good thing in itself, for political dialogue is after all preferable to stubborn confrontation.

This summit had few concrete achievements to its credit. On the human rights issue, one of the topics on the agenda, there was only much rhetoric and sparring stemming from each sides' domestic consideration. And judging from the information in the joint statement, there was no significant progress in settling regional conflicts.

The central theme of the summit, to all intents and purposes, was the arms control issue, a most important question that has gravely concerned people all over the world since the end of World War II.

Unlike its predecessor, the Washington summit of half year ago, which witnessed the signing of the intermediate nuclear forces treaty, this one was by and large marked by the official exchange of protocol, which nevertheless is important.

With the INF treaty coming into force, preparation measures to dismantle the medium and shorter-range nuclear missiles are underway. And upon the completion of the whole procedure in three years, a whole class of nuclear missiles will be wiped out—the first time in the history of disarmament negotiations.

The people of the world are somewhat relieved to see that the Moscow summit continued the trend for dialogue between East and West.

But they are far from satisfied when it ended without a breakthrough in the talks on a treaty cutting by half the strategic offensive nuclear arsenals of both superpowers, which the summit was previously intended for.

Coincidental or not, while the two were holding their talks, the United Nations opened its third special session on disarmament. At this forum, representatives from various nations, big and small, again urged genuine disarmament and the elimination of the danger of a world war. If the same approach had prevailed at the summit meeting, people would have expected no delay on an early agreement for a drastic nuclear arms cut.

And, for the UN forum, people noted the warning by Chinese Foreign Minister Qian Qichen that while reducing the quantities of arms, the superpowers are shifting their emphasis in the arms race to better quality, making use of the latest science and technology.

A thaw in East-West relations and continuation of dialogue are welcomed, but people will not relax their vigilance while the superpowers are still making tremendous efforts to develop more effective means of war.

RENMIN RIBAO Commentators Article

HK0506080888 Beijing RENMIN RIBAO in Chinese
5 Jun 88 p 6

[Commentator's article: "Commenting on the Soviet-U.S. Summit Meeting"]

[Text] The Soviet-U.S. summit meeting in Moscow has ended. Taking an overall view of this meeting, the two sides discussed disarmament, regional conflicts, human rights, and bilateral relations, exchanged instruments of ratification on the INF treaty, and signed two agreements on disarmament and seven bilateral agreements. As expected, no breakthrough was achieved on a treaty for reducing offensive strategic weapons by 50 percent. As for the talks, both sides tried hard to maintain a harmonious and good atmosphere. The joint communique issued after the meeting stressed the importance of continuing the dialogue, holding that "dialogue can become a constructive basis for resolving the problems of today and tomorrow." All this indicates that although there are still differences between the two sides, both aspire to maintain the momentum of detente. Judging by reactions in various parts of the world, although evaluations of the meeting differ, there is universal welcome for the fact that the Soviet Union and the United States are continuing to maintain the trend of dialogue.

As for the results of the meeting, it cannot be said that no progress was made, but no agreement was reached on the most important issue on the agenda, that of reducing offensive strategic weapons by 50 percent. After the INF treaty was signed during the Washington meeting, the Soviet Union and the United States intended to sign at the Moscow meeting a treaty reducing strategic weapons by 50 percent, to demonstrate to the world the new

development of U.S.-Soviet relations. However, there were several setbacks, and before the meeting opened, both sides had no choice but to announce that they had abandoned hope on this issue. It appears that it is by no means easy for the Soviet Union and the United States to seek compromise on certain key issues. Although this summit meeting discussed the question again, and continued to emit an atmosphere of optimism, most of the impression gained from the Moscow meeting was, as some public opinion has pointed out, that of an atmosphere of harmony and warmth but with a lack of any substance.

It cannot be ignored that no small change in U.S.-Soviet relations has been shown by the fact that the U.S. president, who previously termed the Soviet Union an "evil empire," has personally gone to Moscow now to attend a summit meeting there. There are naturally many factors involved here, but the two countries mainly based their moves on current policy requirements. What is particularly important is that the two superpowers are now switching the focus of their rivalry from strategic weapons to competition in overall national strength and are concentrating forces for the development of high-technology and space weapons. At the same time they are formulating new rules for the race. This requires easing the tension in U.S.-Soviet relations, and this momentum of detente may last for quite a long time. Of course, such a change in U.S.-Soviet relations by no means alters the pattern of both dialogue and confrontation between them. The two sides will not yield to each other and will continue to be beset with contradictions on substantive issues involving their national interests.

It must be realized that the strengthening of the trend of dialogue between the two superpowers is always better than a deterioration in their confrontation. This is why public opinion around the world has welcomed the Soviet-U.S. summit in Moscow. However, it must be pointed out at the same time that the results of the Moscow summit did not match people's hopes. World opinion has pointed out that the INF treaty only involves 3 to 4 percent of the two superpowers' nuclear weapons arsenal, and is only the first step in nuclear disarmament. Yet half a year after its signing, they have not taken any proper steps, but on the contrary are still exerting efforts to maintain nuclear superiority. The facts prove that this way of doing things can only lead to a continuation of the nuclear arms race and an increase in the danger of nuclear war. The number of strategic weapons has not been reduced by much, and the number of high-quality precision weapons continues to increase. This cannot but arouse apprehension among the countries and peoples of the world.

While the Moscow summit was in progress, the international community was also convening two meetings: the special ministerial-level disarmament conference of non-aligned states, and the 3d UNGA [United National General Assembly] special disarmament conference.

These two broadly representative meetings have unanimously appealed to the people of all countries to promote the world disarmament movement, and strongly demanded that the United States and the Soviet Union reduce their armaments, take the lead in greatly reducing their nuclear and conventional weaponry, and ban an arms race in space. These resounding calls fully reflect the desires of peoples around the world. The two superpowers, the Soviet Union and the United States, ought to seriously listen to these just calls and carry out their unshirkable responsibilities for world peace and the future of mankind.

General Secretary Gorbachev and President Reagan have stated many times that they want to make constructive efforts for world peace and international disarmament. People's hopes are now placed in them. In addition to considering the interests of the Soviet Union and the United States, they should also consider the interests of the countries and peoples of the world; and they should not just limit themselves to words, but produce practical action.

United States & Canada

Reagan Announces Extension of Favored Status
OW0506182688 Beijing XINHUA in English
1438 GMT 5 Jun 88

[Text] Washington, June 5 (XINHUA)—U.S. President Ronald Reagan Saturday announced an extension of a grant of favored trade status to China in response to China's call for easier entry of Chinese goods into the U.S. market.

The extension will enable the Chinese Government to enjoy for 12 more months a waiver granted to the Chinese Government under a legislation passed in 1974. The legislation conditions "most favored nation" status on satisfactory emigration policies.

The President said the waiver allows the United States to maintain bilateral trade agreements with the beneficiary countries, giving U.S. companies the opportunity to compete in its market.

China has been urging the United States to follow the principle of equality and mutual benefit, and to create an open and vibrant trade environment so as to pave the way for Chinese goods into the U.S. market.

Last year, trade between the two countries totaled 7.875 billion U.S. dollars, an increase of 7 percent over 1986, ranking the United States China's third largest trading partner.

However, Chinese commodities exported to the United States accounted for only 6 percent of the total goods the United States imported.

"In line with the long-term interests of the two peoples and the long-term target of the economic cooperation," said Chinese Vice Premier Tian Jiyun during his official visit to the United States in May, "the United States cannot be sellers only," he pointed out, it "ought to be China's economic partner as well."

Tian, while meeting with trade and business leaders of Minnesota, said the biggest obstacle to bilateral trade is U.S. trade protectionism. "If it is removed, Sino-U.S. trade would develop greatly."

Roger Sullivan, former chairman of the National Council for U.S.-China trade, said in an interview with Chinese reporters early this year that trade is a two-way street and that China should increase its export.

In 1987, the Chinese Government approved 104 other investment projects in China involving American businessmen. By the end of last year, the number of projects in China with direct U.S. investments reached 408, involving a total of contractual investment of 3.04 billion dollars, making the United States the largest foreign investor in the country.

While making the announcement Saturday, President Reagan said China has a "relatively liberal policy on emigration ... Reflected in the steadily rising number of immigrant visas issued by our embassy and consulates in China."

At the opening meeting of the sixth session of the Sino-U.S. Joint Commission on Commerce and Trade last month, U.S. Commerce Secretary William Verity said the U.S. Government anticipated that transformations in China "will create many new opportunities for commercial cooperation" between the two countries.

Meanwhile, the U.S. Government Saturday also renewed a grant of favorable trade status to Hungary as it "has continued to take a relatively positive and constructive approach to emigration matters."

U.S. Newspaper Praises 'Rapid Changes in China'
OW0306011688 Beijing XINHUA in English
1748 GMT 1 Jun 88

[Text] New York, June 1 (XINHUA)—An article carried by "THE NEW YORK TIMES" today praised the rapid changes in China over the past decade and said the Chinese people "are gradually becoming freer to be themselves."

The article said that, since China began its economic drive 10 years ago, "the most important change is thus the increasing ways to express oneself" by the people.

It said that today, laughter is heard in the lanes and alleyways, as can the sounds of TV's, VCR's, and family joy, which were eerily absent in the early 1970's when China was still in the mire of the so-called "Cultural Revolution."

The article named, among other things, a number of changes in Chinese people's attitudes toward life.

It said that the words of "serve the people," a once prevailing slogan appearing on everything during the early 1970's, are now absent in word and largely in deed.

In restaurants, where there were no linen napkins and clean table-cloths, "new table-cloths changed regularly and linen napkins are arranged in graceful shapes."

"Cavernous dining halls have given way to hotel chain dining rooms with standardized decor and menus," it said.

The article went on to say that the pictures brought back by American tourists nowadays "no longer show work gangs all dressed alike in Mao suits."

"Instead, they show children with embroidered dresses and overalls fashion-conscious women in colorful prints and gaudy jewelry, and businessmen sporting monogrammed shirts under their three-piece worsteds."

Meanwhile, the article said, China and things Chinese have become remarkably commonplace in the United States.

Thanks to sister-city relationships, cultural exchanges, burgeoning business and tourism, the article said, people in the United States no longer ask questions like "What is China really like?" but ask "What has changed the most?"

The American people "are no longer even startled by phrases such as 'socialism with Chinese characteristics' and 'doing business on the basis of friendship and mutual benefit,'" it said.

The American people have indeed "gone so far as to largely assimilate the Chinese way of looking at the world," the article said.

Zhu Qizhen Briefed on Moscow Summit by Rowny
OW0506102888 Beijing XINHUA in English
0729 GMT 4 Jun 88

[Text] Beijing, June 4 (XINHUA)—Edward L. Rowny, special advisor to the president and secretary of state for arms control of the United States, today briefed Chinese Vice Foreign Minister Zhu Qizhen on the recent meeting between U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev in Moscow.

After their meeting here this morning, Zhu hosted a luncheon for Rowny, who arrived here yesterday to brief the Chinese Government on the U.S.-Soviet summit meeting and is scheduled to leave here tomorrow.

XINHUA 'Roundup' on U.S. View of Summit
OW0506113888 Beijing XINHUA in English
0932 GMT 5 Jun 88

[Roundup: "Summit and U.S.-Soviet relations in the Eyes of Americans," by Wei Guoqiang—XINHUA headline]

[Excerpt] Washington, June 4 (XINHUA)—As the curtain of the U.S.-Soviet Moscow summit fell, many Americans believed that the superpower relations will proceed in the direction of relaxation and improvement while others expressed doubts over how far the momentum would go.

According to recent press reports here, many people think that President Ronald Reagan's visit to Moscow itself presents a good evidence of the dramatic changes in the U.S.-Soviet relations.

In 1974, former U.S. President Richard Nixon visited Moscow and held a summit with former Soviet Leader Leonid Brezhnev, declaring the start of an era of "detente." However, the Soviet invasion of Afghanistan in 1979 soured the superpower relations, and since then no U.S. President has ever touched down on the Soviet land.

Now, with a buoyed President Reagan capping his five-day visit to what he once called "evil empire," the American public agreed that the Moscow summit has laid down a "foundation" for furthering the relations between the two countries, although no accords on strategic arms reduction have been reached.

A former U.S. ambassador to the Soviet Union said that the summit "is not a milestone," but serves as "a useful stage" for the development of U.S.-Soviet relations.

Some U.S. officials said that after the summit, the United States feels "more confident about the relationship."

Nevertheless, as the United States and the Soviet Union have confronted each other for many years, quite a few Americans only expressed guarded optimism when looking into the future of the U.S.-Soviet relations.

Political analysts here said that the post-war U.S.-Soviet relations have undergone three stages—"cold war," "detente," and "re-confrontation." In recent years, a momentum featured with "regular dialogue" between U.S. and Soviet leaders has emerged.

Recalling past experience, however, many Americans cast a doubt over how far the momentum would go in the days to come.

The U.S. public opinion believed that the next U.S. president, no matter he is a Republican or Democrat, will certainly continue the dialogue with the Soviet Union because it is "in the interests of the United States."

Nevertheless, [word indistinct] pointed out that "genuine, broad conciliation" between the two countries depends not only on the U.S. strength but also on the following two elements:

The first is Gorbachev's political position in the Soviet Communist Party and the fortune of his "glasnost" (openness) and "perestrojka" (restructuring); and the second is whether the two countries can completely solve the regional conflicts in a genuine way or not.

During Reagan's stay in Moscow, the U.S. news media fed the American audience with lots of reports saying that the reform in the Soviet Union, despite some difficulties, is marching forward and no sign shows that Gorbachev's position is shaking. In addition, the reports said that the Soviet decision to withdraw troops from Afghanistan has brought about a proper way to solve other regional issues.

Therefore, the American people, while expressing a certain fear, generally believed that the U.S.-Soviet relations may become further relaxed provided that no sudden and dramatic political changes pop up in both countries, the Soviet Union in particular.[passage omitted]

Yao Yilin Meets Chairman of Pepsico Inc.
OW0406005588 Beijing XINHUA in English
0819 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA)—Chinese Vice-Premier Yao Yilin met here today Donald M. Kendall, chairman of the executive committee of the board of directors of the Pepsico Inc. of the United States, and his party.

Yao and Kendall exchanged views on foreign investment in China and other issues of mutual concern.

Kendall told Yao that the Pepsico Inc. has so far invested 42 million U.S. dollars in China. Because of the success of the first Kentucky Fried Chicken restaurant in Beijing, Pepsico will open two other similar restaurants here.

Kendall is here as the guest of the Chinese People's Institute of Foreign Affairs.

Ningbo, Wilmington Become Sister Cities
OW0406201088 Beijing XINHUA in English
1423 GMT 4 Jun 88

[Text] Ningbo, June 4 (XINHUA)—Sistership relations have been established between the port city of Ningbo in east China's Zhejiang Province, and the port city of Wilmington, Delaware in the United States.

A signing ceremony was held recently in Wilmington by the mayors of both cities.

Chinese Ambassador to the U.S., Han Xu, attended the ceremony.

Environmental Center Planned With Canada
OW0306220088 Beijing XINHUA in English
1350 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA) — China and Canada reached an agreement here today on cooperation in establishing a "China international environmental technology development center."

Under the agreement, the Environmental Technologies Inc. of the Resources and Industrial Association of Canada will make a donation in cash, and the Chinese Academy of Environmental Sciences and the China Environmental Protection Industry Association will be responsible for the establishment of the center.

Upon completion, the center will develop such environmental technologies as pollution control, water and air purification and conversion of waste into useful material.

A computerized information and data bank will be set up at the Chinese Academy of Environmental Sciences to provide consultancy services worldwide. The center will also import and export environmental protection industrial technology and take part in domestic and international cooperation in science and technology.

Mulroney Welcomes Agreement
OW0406044788 Beijing XINHUA in English
0150 GMT 4 Jun 88

[Text] Ottawa, June 3 (XINHUA)—Canadian Prime Minister Brian Mulroney today expressed his welcome to a just-concluded Sino-Canadian agreement on promoting environmental technologies.

The agreement was concluded this afternoon in Beijing, China, between Vancouver-based Ria Environmental Technologies (RET) of Canada and the Chinese Government to set up an international environmental technologies development centre of China (ETC).

Mulroney said in a release this development "builds upon the agreement we signed with the Chinese premier in 1986 to promote the exchange of technical and practical ways of improving the environment".

The centre is a practice-oriented organization aiming at promotion of profitable environmental technologies.

The centre will build a computerized data bank in Beijing on environmental technologies to bring together pertinent information from around the world, to act as a paid consultant to clients in China and worldwide, to publish practical information and to provide computerized data worldwide.

Canadian Destroyers Visit Shandong's Qingdao
SK0506052388 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 3 Jun 88

[Text] The 535 officers and men of the destroyer Huron and the escort vessel Restigouche, headed by Captain Garnett, commander of the squadron of Canada's destroyer No 2, sailed into Qingdao Harbor on the morning of 3 June, and began their 6-day visit to Qingdao.

Greeting them at the wharf were responsible persons of the navy and the army of locally stationed PLA units, and leaders of pertinent departments of the city of Qingdao. On the afternoon of 3 June, Captain Garnett and other persons paid official calls on Ma Xinchun, deputy commander of the Jinan Military Region and commander of the North China Sea Fleet, and Guo Songnian, mayor of Qingdao. That evening, the North China Sea Fleet hosted a banquet to welcome the visitors.

Soviet Union

Moscow Summit Briefing Given by USSR's Rogachev
OW0406114388 Beijing XINHUA in English
1111 GMT 4 Jun 88

[Text] Beijing, June 4 (XINHUA)—Soviet Vice Foreign Minister E.A. Rogachev briefed Chinese Vice Foreign Minister Tian Zengpei on the recent Soviet-U.S. summit meeting in Moscow.

Present on the occasion was O.A. Troyanovskiy, Soviet ambassador to China.

Rogachev arrived here Friday to attend the third meeting of the Sino-Soviet Commission on Economic, Trade, Scientific and Technological Cooperation.

Sino-Soviet Economic Cooperation Meeting Opens
OW0306153788 Beijing XINHUA in English
1341 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA)—The third meeting of Sino-Soviet Commission on Economic, Trade, Scientific and Technological Cooperation opened here this afternoon at the Great Hall of the People.

Chinese Vice-Premier Tian Jiyun and Yuri Maslyukov, first vice-chairman of the Council of Ministers of the Soviet Union, who arrived earlier today, co-presided over the opening ceremony.

Briefing the Soviet guests on China's latest economic development, Tian said that China's total industrial output value for the first four months was up 16.7 percent over the same period last year.

He said that China's light and heavy industries enjoyed a coordinated development and its foreign trade increased by 22.4 percent with the export outpacing the import.

Maslyukov said that he was satisfied with the Sino-Soviet cooperation in trade, economy, science and technology since the commission's second meeting.

He put forward some proposals for expanding bilateral cooperation in the future.

The meeting will continue tomorrow morning.

Tian Jiyun Hosts Delegation

*OW0306163288 Beijing XINHUA in English
1341 GMT 3 Jun 88*

[Text] Beijing, June 3 (XINHUA)—Cooperation between China and the Soviet Union in economy, trade, science, technology and culture is growing stronger, the heads of a joint commission to develop closer ties in these fields said here tonight.

Chinese Vice-Premier Tian Jiyun said that a trade agreement signed last year by the two countries has been implemented satisfactorily and that border trade is expanding rapidly.

Tian made the comments at a banquet in honor of Yuri Maslyukov, first vice-chairman of the Council of Ministers of the Soviet Union, and his party.

Tian is chairman of the Chinese side of the Sino-Soviet Commission on Economic, Trade, Scientific and Technological Cooperation, while Maslyukov is chairman of the Soviet side. The commission is having its third meeting here.

Both sides, Tian said, are now working on China-based projects, which are covered by the Sino-Soviet Economic and Technological Cooperation Agreement, on building and retooling industrial projects.

The two sides are ready to conduct, in new forms, economic and trade cooperation in new fields, Tian said.

During the current meeting, Tian said, the two countries will sign an agreement to establish and promote ties at the local government level and an agreement to set up Sino-Soviet joint ventures.

Tian noted both countries are carrying out reforms and said the exchange of experiences would be beneficial to each's socialist construction.

He reiterated that the Chinese Government and people hold the traditional friendship between the Chinese and Soviet peoples in high esteem.

He said China is willing to improve relations with the Soviet Union on the basis of the five principles of peaceful co-existence so as to normalize relations at an early date.

In response, Maslyukov described the development of Soviet-Chinese cooperation in economics, trade, science and technology and culture and education as smooth and said a solid foundation has been laid for further cooperation.

He said the two sides will explore ways of expanding cooperation during the current meeting.

Maslyukov gave an account of Soviet reform efforts, adding the Soviet Union is following with great interest China's socialist construction.

3d Round of Talks Begin

*OW0406095588 Beijing XINHUA in English
0707 GMT 4 Jun 88*

[Text] Beijing, June 4 (XINHUA)—China and the Soviet Union will expand trade and economic and technical cooperation at three levels—between the two governments, between government departments and between various localities and border areas of the two countries.

This was one of the main topics under discussion at the third meeting of the Sino-Soviet Commission on Economic, Trade, Scientific and Technological Cooperation which began here yesterday.

Chinese Vice Premier Tian Jiyun and First Vice Chairman Yuriy Maslyukov of the Council of Ministers of the Soviet Union, who are co-chairmen of the commission, had an in-depth discussion on bilateral cooperation and briefed each other on economic reforms in their respective countries.

Tian also expressed satisfaction over bilateral trade and economic cooperation last year.

Maslyukov and his party are leaving Beijing later today on a tour of Shanghai, Guangzhou and Shenzhen.

Inner Mongolian Border Trade With USSR Resumes
*OW0306132788 Beijing XINHUA in English
1347 GMT 2 Jun 88*

[Text] Hohhot, June 2 (XINHUA)—After a suspension of 30 years, trade is resuming along the border of the Inner Mongolian Autonomous Region and the Soviet Union.

In May this year an agreement to permit small quantity border trade was signed between Hulun Buir League (Prefecture) and a Soviet District. About 70,000 yuan (19,000 U.S. dollars) worth of goods were traded across the border in April.

The Chinese side exports include textiles, agricultural products and articles of daily-use while imports are mainly Soviet manufactured goods.

To stimulate more trade, Russian classes have been set up in some Mongolian border towns to train interpreters.

The Soviets have also set up Chinese classes in towns on their side of the border.

Mudajiang-Soviet Border Trade Talks End 3 Jun
SK0506102288 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 4 Jun 88

[Text] The first Mudanjiang talks on Sino-Soviet border trade ended in Mudanjiang City on 3 June after 7 days.

Through the talks, the two sides initially reached agreement on exchanging more than 20 million Swiss francs worth of commodities through imports and exports. In addition, the Mudanjiang City Border Trade Co. signed a protocol on a long-term trade contract with the economic and trade delegation from the Soviet Union's Maritime Kray. This protocol includes eight technological cooperation items such as running plants with joint ventures, processing products with materials provided from abroad, and exporting labor service.

Northeast Asia

Japan Sends Relief for Fujian Flood Victims
OW0506104588 Tokyo KYODO in English 0905 GMT 5 Jun 88

[Text] Shanghai, June 5 KYODO—Japan Sunday flew in 24.5 million yen worth of medicine and other relief items here to help flood victims in Fujian.

The cargo arrived in Shanghai aboard a Japan Air Lines plane.

Shigenobu Yoshida, the Japanese consul general in Shanghai, handed over the Japanese relief goods to representatives of the Fujian Provincial Government in Shanghai.

Among the items were first-aid medicine, power generators and transceivers.

The Japanese Government decided last Friday to extend the emergency relief following Chinese reports of widespread damages caused by rain in the coastal Fujian Province.

At least 97 people were killed and about 700 people were injured in flash floods that hit the northern part of Fujian late last month. Property and other damages were estimated at 9.2 billion yen.

Japanese Arrest Youth for Attempted Statue Damage
OW0406184288 Beijing XINHUA in English 0755 GMT 4 Jun 88

[Text] Tokyo, June 4 (XINHUA)—A Japanese youth attempting to destroy the Peace Maiden Statue at the Peace Park in Nagasaki was arrested Friday night.

Police arrested Yanagi, believed to have connections with local right-wing groups, when he was trying to strike the left arm of the statue with an iron bar. Three of his accomplices were detained for interrogation.

The Peace Maiden Statue was given to Nagasaki by China in July 1985 as a token of Sino-Japanese peace and friendship. The statue was smeared with red paint last December by unknown people.

This is the seventh sabotage act on the Sino-Japanese friendship memorial objects since last June when the "Zhou Enlai Memorial Poem Tablet" in Kyoto's Kameyam Park was two-thirds coated in red paint and chipped with a hammer around the three Chinese characters that spell the late Chinese premier's name.

Standard Materials Research Center Completed
OW0306090888 Beijing XINHUA in English 0535 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA)—Construction on Beijing's National Standard Materials Research Center completed yesterday, today's "PEOPLE'S DAILY" reported.

The center, cooperatively built by China and Japan, is equipped with 360 sets of precision instruments donated by the Japanese and produced in Japan, the United States, the Federal Republic of Germany and Britain.

According to the paper, the center will provide standard materials researchers a work site fitted out with state of the art, imported equipment.

The center's experimental facility started operation last October, and to date, the national standards of 261 different materials have been worked out.

Material standards worked out by the center will offer the criteria needed for the technological supervision and safety of sites like coal mines and water areas, the paper said.

Shen Jueren, vice-minister of foreign economic relations and trade, and Toshihiro Nakajima, Japan's ambassador to China, cut the ribbon to mark the center's completion.

Japan-China Society Elects New Chairman
OW0306101688 Beijing XINHUA in English
1232 GMT 2 Jun 88

[Text] Tokyo, June 8 (XINHUA)—The Japan-China Society held a regular meeting this afternoon for the current fiscal year at which Mukaibo was elected chairman of the society to replace the aged Seiji Kaya.

Japan-China Society is one of the Japan-China friendship organizations in Japan. Since it was set up in 1975, the organization has been working at its utmost to promote the friendship and exchanges of scientific and technological circles between Japan and China.

The meeting received the resignation of Seiji Kaya and elected Masaharu Gotoda vice-chairman of the society.

Mukaibo, 71, was born in Daliang of China. Since the founding of the People's Republic of China, he, together with Seiji Kaya, has made contributions to the development of the friendship between Japan and China.

Batmonh Urges Reform Drive for Mongolia
OW0406083788 Beijing XINHUA in English
0107 GMT 4 Jun 88

[Text] Ullanbaatar, June 3 (XINHUA)—Mongolian Leader Jhambyn Batmonh on Thursday called for an accelerated reform drive in his country to expand production and increase efficiency.

In a lengthy speech addressed to the 19th Congress of the Mongolian Revolutionary Youth League, Batmonh said the economic reform, which was just initiated in Mongolia, cannot be postponed or set back.

The Mongolian leader cited the outdated administration measures that hampered economic development to support his argument, saying that only a reform of such measures can do away with the problem and increase people's standard of living.

Reform is the primary task of party and government leadership at all levels, mass organizations, economic organizations as well as all Mongolians, he said.

Batmonh also stressed the importance of pooling experiences from other socialist countries in their reform drives while paying much attention to the specific conditions of Mongolia.

As democracy is the base for carrying out economic reforms, more democracy will be given to people, he added.

The three-day congress of the Mongolian Revolutionary Youth League closing here today was attended by 755 people representing 269,000 league members throughout the country.

Southeast Asia & Pacific

NPC Vice Chairman Meets Philippine Veterans
OW0406123088 Beijing XINHUA in English
1003 GMT 4 Jun 88

[Text] Beijing, June 4 (XINHUA)—Ye Fei, Vice Chairman of the National People's Congress (NPC) Standing Committee, met with a delegation composed of 27 Philippine-Chinese veterans of the Second World War led by Plasio Sin here this afternoon.

Aged between 57 and 73, the veterans fought the Japanese aggressors together with the Philippine people during the war and raised funds for the Chinese Eighth Route Army and the New Fourth Army.

Ye Fei expressed his admiration for their fighting spirit and hoped that they would continue to develop their glorious tradition and make efforts to promote Sino-Philippine friendship.

Invited by the NPC Overseas Chinese Committee and the Overseas Chinese Affairs' Office under the State Council, the veterans arrived here on June 2 after visiting Guangzhou, Xian and Yanan.

Burmese Minister Returns From China Visit
OW0606010988 Beijing XINHUA in English
1532 GMT 5 Jun 88

[Text] Rangoon, June 5 (XINHUA)—Deputy Prime Minister and Minister for Planning and Finance U Tun Tin returned home this evening via Hong Kong after a nine-day goodwill visit to China.

During his stay in China from May 25 to June 2, U Tun Tin met Chinese President Yang Shangkun, Vice-President Wang Zhen, Premier Li Peng and other Chinese leaders.

U Tun Tin also held talks with his Chinese counterpart Wu Xueqian on further development of friendly relations and cooperation between the two countries.

U Tun Tin has also made a tour to Hohhot, the capital of the Inner Mongolia region, and Tianjin, the third largest city in China near Beijing.

Commentary on SRV Withdrawal From Cambodia
OW0306111888 Beijing XINHUA Domestic Service
in Chinese 1511 GMT 1 Jun 88

["XINHUA commentary: Doubts on Vietnam's 'Partial Troop Withdrawal' (by Yang Mu)"]—XINHUA headline]

[Text] Beijing, 1 Jun (XINHUA)—The world is like a big theater and there are new performances every day. On 26 May, in a corner of the great theater of the world, Major General Nguyen Van Thai, representative of the Vietnam Defense Ministry, read a communique at a press

conference announcing that Vietnam will withdraw 50,000 officers and soldiers of its "volunteers" from Cambodia from June to December this year, and the command of the Vietnamese troops will move back to Vietnam by the end of 1988. It also declared that the remaining Vietnamese forces in Cambodia would be placed under the direction of Heng Samrin's forces.

Although this performance was not a fresh one, the statement was made 3 days before the USSR-U.S. summit in Moscow and its contents were also quite unique. Therefore, to a certain extent it caught the attention of world opinion. However, after a simple review of past events and analysis, most world opinion has had doubts about it.

Since 1982, Vietnam has said seven different times that it was starting a "partial troop withdrawal." World opinion has held that the previous six "partial troop withdrawals" were all false withdrawals and were really nothing more than troop rotations. What about this time? Practice will examine the truth or falsehood of the withdrawal of the 50,000 troops. The statement itself is full of flaws. We will raise doubts in four points as follows: 1. Are the Vietnamese troops in Cambodia "volunteers" or aggressors? On Christmas Eve, 1978, Vietnam sent about 200,000 well-equipped troops to occupy its small neighbor country of Cambodia in a surprise attack, looting, burning houses, and killing people. What kind of "volunteers" were these? Vietnam has been universally branded as an aggressor in the international community and in various UN General Assemblies, and subject to trial for the past decade. However, Vietnam has always called itself a "volunteer" and refused to admit that it is an aggressor. Still less has it confessed that it has waged a war of aggression. Disguising itself as an "outsider", Vietnam has refused to implement the various resolutions adopted by the UN General Assemblies on the Cambodian issue and refused to respond to the proposal put forward by Samdech Norodom Sihanouk and the Coalition Government of Democratic Kampuchea that Vietnam join them in talks for a political settlement of the Cambodian issue. As long as it stubbornly clings to this stand, naturally it will be difficult for it to convince people that all its proposals are sincere. From its May 26 statement, one still fails to see any sign of willingness on the part of Vietnam to give up its aggression against Cambodia.

2. Vietnam is an aggressor. To unconditionally withdraw all its troops of aggression rapidly from Cambodia would be the right and proper thing to do. Ten years ago, Vietnam was able to send its troops across the border in five locations overnight and launch an overall invasion against Cambodia. Then why can it not withdraw all its troops within a short period? In order to give Vietnam some time to make preparations, President Sihanouk and the Coalition Government of Democratic Kampuchea led by him, time and time again, exercised restraint and put forward the reasonable "eight-point" proposal. Why does Vietnam still refuse to accept it? As an

aggressor, what right has Vietnam to suggest that only when the "Khmer Rouge", who have actively resisted Vietnamese aggression, are eliminated will it be possible for Vietnam to withdraw its troops?

3. Since 1982 Vietnam has always announced every year its "partial troop withdrawal" during a period between the dry season and the rainy season (April to July). According to the figures announced by the Vietnamese side, a total of 110,000 to 120,000 troops have been pulled out in its six previous troop withdrawals. The number of remaining Vietnamese troops in Cambodia should be over 80,000, if the number of Vietnamese troops stationed in Cambodia is estimated to have been 200,000 in the early stage of its all-out invasion against Cambodia. If the number of casualties during the past decade were taken into account, almost all the Vietnamese troops should be gone, or there should not be many Vietnamese troops left in Cambodia. However, according to an estimate by international military experts, there are still 120,000 Vietnamese troops in Cambodia. This shows that all the "partial troop withdrawals" in the past were fake. This year, Vietnam once again announced that it plans to withdraw 50,000 troops. But how can we prove that this is not just another old trick?

In fact, a news report from Phnom Penh Radio on 28 May had already laid bare Vietnam's secret by saying: If "Cambodia's security" is threatened, the Vietnamese troops that will withdraw by the end of 1988 may possibly return to Cambodia.

4. In a recent announcement, Vietnam said the command of its occupation forces would be withdrawn and the remaining Vietnamese forces in Cambodia would be placed under the direction of the Heng Samrin authorities. But this may lead to some questions. For example, the relations between Vietnam and the Phnom Penh regime were originally one of master and servant. So why would Vietnam announce now that it will reverse positions in its relations with the Heng Samrin regime? What is its real purpose for all this? It is known to all that all the medium or higher ranking officers in the Heng Samrin troops are Vietnamese. Even if the Vietnamese troops are placed under the command of the Heng Samrin regime in name, the leadership of the troops will remain in the hands of Vietnam. The Vietnamese authorities claimed that the Vietnamese troops would be placed under the direction of the puppet armed forces. Does it seek to mix their troops with those of the Heng Samrin regime so they can hang on in Cambodia for a long time? All this has caused people to raise their vigilance.

As for the withdrawal of command of the Vietnamese forces in Siem Reap Province, it is also of little military value. In fact, there is little difference between the operation to direct the Vietnamese troops from Saigon and Hanoi to fight in Cambodia and the operation to direct the troops from Siem Reap.

As for the value of Vietnam's 26 May statement, harsh reality will provide us with an answer. If Vietnam is sincere, it should truly withdraw its troops and directly join President Sihanouk, the Coalition Government of Democratic Kampuchea, and the various departments concerned in talks for a political settlement of the Cambodian issue.

Near East & South Asia

Li Ximing, Iraqis Discuss Cooperation, Gulf War
OW0506101288 Beijing XINHUA in English
0117 GMT 5 Jun 88

[Text] Baghdad, June 4 (XINHUA)—A visiting Chinese Communist party senior official today described the UN Security Council Resolution 598 as the sound basis for ending the 8-year old Iraq-Iran war.

Li Ximing, member of the Political Bureau of the Chinese Communist Party Central Committee, arrived here last night leading a party delegation for a visit to Iraq after concluding visits to Bulgaria and Yugoslavia.

During the talks which started here today between the Chinese Communist Party and the Iraqi ruling Arab Socialist Baath Party, Li Ximing stressed that China will spare no efforts for the implementation of the resolution 598. The Chinese side welcomed Iraq's positive stance towards the resolution, he added.

During the talks, the two sides reiterated their common wish to boost the friendly relations and cooperation between the two countries in the light of the agreement signed between the two parties to serve the interests of the Chinese and Iraqi peoples.

On the Middle East problem, the two sides expressed their strong support of the just struggle by the Palestinian people under the leadership of the Palestine Liberation Organization, their sole legitimate representative.

The talks also dealt with means of boosting relations between the two parties in addition to issues of mutual concern.

Meets Deputy Premier
OW0506190688 Beijing XINHUA in English
1839 GMT 5 Jun 88

[Text] Baghdad, June 5 (XINHUA)—A senior official of the Communist Party of China today urged the implementation of the UN Security Council Resolution 598 calling for an early end to the Iran-Iraq war.

Li Ximing, member of the CPC Political Bureau, made the call when meeting with Taha Yasin Ramadan, Iraqi first deputy premier and member of the regional command of the ruling Arab Socialist Baath Party.

Li said that China, taking a neutral stand over the eight-year-long Gulf war and calling the two warring sides to accept peace, will continue its efforts to end the war as soon as possible.

During their talks, both Ramadan and Li Ximing expressed the hope for the development of ties between the two parties.

They believed that exchange of visits and continued dialogue between China and Iraq will promote mutual understanding and friendly relations and cooperation between the two countries.

Li, heading a CPC delegation, arrived here Friday night for a visit to Iraq.

Indian CPI-M Delegation Visits Beijing
BK0406091588 Delhi Domestic Service in English
0240 GMT 4 Jun 88

[Text] A 5-member CPI-M [Communist Party of India, Marxist] delegation, headed by Mr Harkishan Singh Surjeet, has had discussions with the Chinese Communist Party leaders in Beijing. Mr Surjeet later said the talks (?have revealed) that China and India now seem anxious to improve their relations. He said the Chinese side reiterated that the boundary question should be resolved through negotiations.

Sub-Saharan Africa

Botswanan Minister Departs for China
OW0406185588 Beijing XINHUA in English
1755 GMT 4 Jun 88

[Text] Gaborone, June 4 (XINHUA)—Botswana was very pleased about the four-party talks on the issues of Angola and Namibia and hopes all the discussions would lead to peaceful solution to the problems in southern Africa, Botswana's Minister of External Affairs Gaositse K.T. Chiepe told XINHUA today.

The minister said: "We are watching the talks on Angola, and we hope they will lead to the solution of the problems in our region."

Dr. Chiepe said that there would be no peace in southern Africa as long as the problems on Angola exist, Namibia is not independent and the problems in South Africa are not resolved.

She added that Botswana wants peace, so it hopes all the discussions would lead to peaceful solution. She expressed the confidence that solutions to the problems in southern Africa could be found by means of peaceful negotiations.

Meanwhile, the minister also said that Botswana was very happy about the agreement reached in Moscow summit, because the whole world was suffering now from the two superpowers' arms competition.

Dr. Chiepe left here for China today. This is the first time for her to pay an official visit to China as Botswana's minister of external affairs.

Speaks on Ties With China
OW0506085688 Beijing XINHUA in English
0002 GMT 5 Jun 88

[Text] Gaborone, June 4 (XINHUA)—Botswanan Minister of External Affairs Dr. Gaositwe K. T. Chiepe left here for China via Egypt this afternoon on a five-day official visit.

Before her departure, she told XINHUA that she is going to strengthen the already very good relations that exist between the two countries.

She is expected to hold talks with her Chinese counterpart on the bilateral and international issues.

She said that Botswana supported China in the efforts to restore its legitimate seat in the United Nations. She also praised China for its aid to Botswana in building railways and developing agriculture.

She spoke highly of China's on-going economic reforms and open policy.

China is no longer a closed society, she noted. She is open and prepared to learn.

"The whole world is interdependent", she noted. "We all learn from each other, and when China opens its doors to foreigners, she will learn something and help itself."

West Europe

Air Route From Helsinki to Beijing Inaugurated
OW0406045688 Beijing XINHUA in English
0804 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA)—A direct air route from Helsinki to Beijing formally opened today, cutting the flight time from Finland to China by half to 8 hours 40 minutes.

An 18-member delegation led by Matti Ahde, speaker of the parliament of Finland, arrived here this morning by Finnair.

Chen Muhua, vice-chairman of the Chinese National People's Congress Standing Committee, met the delegation at noon time.

The opening of the route will facilitate the development of economic, trade, cultural ties and tourism between the two countries, Chen said.

After the meeting, Hu Yizhou, director-general of the Civil Aviation Administration of China, hosted a dinner in honor of the Finnish guests.

Finland's Koivisto Receives New Ambassador
OW0306231588 Beijing XINHUA in English
1405 GMT 3 Jun 88

[Text] Helsinki, June 3 (XINHUA)—Yu Lixuan, new Chinese ambassador to Finland, presented his credentials to Finish President Mauno Koivisto in the presidential palace here today.

During the talks following the ceremony, Yu told the president that China appreciates Finland's foreign policy of peace and neutrality and its active role in international affairs.

The new ambassador said China and Finland cherish traditional friendship and major progress has been made in their political, economic, cultural and scientific and technological relations.

He said the opening of the Helsinki-Beijing air line Thursday [June 2] spanned an aerial bridge for Sino-Finnish friendship and cooperation.

The Finnish president said China is Finland's close and valuable friend and the two countries share identical views on many international issues.

He said Finland has been paying attention to the reforms taking place in China and hopes the rapport between the two countries will continue to develop.

Finnish Parliamentarian Visits, Meets Leaders

Meets Rong Yiren
OW0406062588 Beijing XINHUA in English
1042 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA)—Rong Yiren, vice-chairman of the Standing Committee of the Chinese National People's Congress, met Matti Ahde, speaker of the Finnish parliament, here today.

Ahde and his party arrived in Beijing this morning by the first plane of Finnair, the Finnish air company, as a direct air route from Helsinki to Beijing formally opened.

Holds Talks With Wan Li

OW0406160788 Beijing XINHUA in English
1210 GMT 4 Jun 88

[Text] Beijing, June 4 (XINHUA)—Wan Li, chairman of the Chinese National People's Congress Standing Committee, met Matti Ahde, speaker of the Finnish Parliament, and his party here today.

Ahde arrived here June 3 as head of a delegation from Finnair, the Finnish air company, to open the direct air route from Helsinki to Beijing.

Wan said the direct air link will help promote the two countries' cooperation in various fields.

He spoke highly of the sound development of bilateral relations since the establishment of diplomatic relations between the two countries.

The visit to China by Finnish Speaker Erkki Pystynen in 1985 and that by Finnish Prime Minister Kalevi Sorsa in 1986 made significant contributions to the two countries' friendship and cooperation, he added.

"We are looking forward to the visit to China by Finnish President Mauno Henrik Koivisto," Wan said.

He also invited Ahde to lead a delegation of the Finnish Parliament to visit China.

Ahde accepted the invitation with pleasure. He said the Finnish side regards the opening of the direct air link as a historic event because it will further facilitate the exchange between the two countries and two peoples.

East Europe

Poland's Messner To Begin Week-long Visit

OW0406154388 Beijing XINHUA in English
1519 GMT 4 Jun 88

[Text] Warsaw, June 4 (XINHUA)—Polish Premier Zbigniew Messner left here this afternoon for China on an official visit, the first by a Polish premier to the Asian country in 30 years.

Messner is expected to discuss in Beijing with Chinese premier Li Peng expanded economic cooperation and other issues. China is a major trading partner of Poland.

The state and party relations between Warsaw and Beijing were normalized following a visit to Beijing in 1986 by Polish leader Wojciech Jaruzelski and a trip to Warsaw in 1987 by the then Chinese premier and acting General Secretary of the Chinese Communist Party Zhao Ziyang.

The leading Polish newspaper PEOPLE'S TRIBUNE said in a commentary today that Messner's China visit is "a continuation and development of the relations between the two countries to a new and higher level."

Jozef Cyrankiewicz, former Polish premier, visited China in 1957.

Arrives in Beijing

LD0506113088 Warsaw Domestic Service in Polish
1005 GMT 5 Jun 88

[Text] Premier Zbigniew Messner has arrived in Beijing on a week-long official visit. This is the first visit by the head of the Polish Government to China for 30 years. Premier Messner will meet with Chinese Premier Li Peng, on whose invitation the visit is taking place, and also other representatives of the highest Chinese leadership. He will discuss with them bilateral relations and certain problems of the international situation.

Greeted by Huang Yicheng

OW0506120488 Beijing XINHUA in English
0109 GMT 5 Jun 88

[Text] Beijing, June 5 (XINHUA)—Zbigniew Messner, member of the Political Bureau of the Central Committee of the Polish United Workers Party and chairman of the Council of Ministers of Poland, arrived here by special plane this morning on a one-week long official goodwill visit to China.

Messner, the first head of government from Poland to visit China in 30 years, is the guest of Li Peng, member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee and premier of the State Council. His is also a return visit to Chinese leader Zhao Ziyang who toured Poland last year.

During the visit, Messner will confer with Chinese leaders on the development of bilateral friendly relations of cooperation as well as international issues of common interest.

Chinese Premier Li Peng will officially welcome the Polish visitors at a ceremony tomorrow, and the premiers of the two countries will hold talks after that.

Messner, his wife and party were today greeted at the airport by Huang Yicheng, chairman of the Chinese Government Reception Committee and minister of energy, and Zhou Nan, vice-minister of foreign affairs.

Meets Li Peng

OW0606103588 Beijing XINHUA in English
0951 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA)—Chinese leader Li Peng said here today that the key to China's present reform effort is the proper handling of the relationship between prices and wages.

Li, a member of the Standing Committee of the Political Bureau of the Chinese Communist Party Central Committee and premier of the State Council, made these remarks while holding talks with Zbigniew Messner, member of the Political Bureau of the Central Committee of the Polish United Workers' party and chairman of the Council of Ministers of Poland, in Beijing this morning.

Li briefed the visitors on China's reforms, saying that they have reached a critical moment. "We need to resolve our problems in a proper manner and actively promote political reforms".

"At the same time," Li said, "we should establish a new, socialist, commodity-based economic order by implementing a series of regulations and decrees."

During the course of the talks, which lasted more than three hours, Messner also briefed Li on Poland's current situation.

He said Poland has scored some progress in its economic reforms and expansion of socialist democracy since 1981.

The second stage of its reform effort has met some difficulties, but the Polish party and government have taken effective measures to invigorate the economy and improve market conditions, so as to try to build upon past economic gains.

The two leaders expressed satisfaction over the all-round development of relations between the two parties and the two countries.

Both of them stressed that it is of great significance for the two countries to keep each other informed concerning their respective experiences in the arena of political and economic reforms.

They also discussed concrete ways to expand bilateral cooperation in the fields of economics, trade, science and technology and culture.

They expressed the belief that bilateral relations and cooperation between the two parties and the two countries will continue to develop in a sustained and stable manner.

The two sides also enjoyed an extensive exchange of views on the present international situation.

Messner said there appear to be some positive signs in overall global affairs, with relations between East and West having eased to a certain degree.

However, he said dangerous and destabilizing factors continue to exist, and countries the world over should therefore continue their efforts for peace and cooperation. For its part, Poland put forward its "Jaruzelski Plan".

The Chinese premier said the two countries have usually shared identical or similar views on international issues.

At present, he added, there appears to be an optimistic trend in the international situation on the one hand, while on the other, concerns remain that cannot be passed off lightly.

Li remarked, however, that on the whole, the international situation is developing in a favorable direction for all concerned.

Prior to the talks, Li presided over a ceremony welcoming Messner and his wife as they arrived for an official and friendly visit to China.

A military band of the Chinese People's Liberation Army played the national anthems of Poland and China amid a 19 gun-salute.

Accompanied by Li Peng, Messner reviewed a guard of honor comprised of members representing all three services of the Peoples' Liberation Army.

Also present at the ceremony were State Councillor Li Tieying, and Huang Yicheng, chairman of the Chinese Government reception committee and minister of energy resources.

Deng Xiaoping on Reform, Hong Kong Policy
OW0306225888 Beijing XINHUA Domestic Service
in Chinese 1041 GMT 3 Jun 88

[Text] Beijing, 3 Jun (XINHUA) — There is no perfectly safe plan for China's reform, and the issue is that we should do it in a steady way and that the plan and time chosen should be appropriate, said Chairman Deng Xiaoping today when meeting with Chinese and foreign participants at an international seminar on "China and the World in the 1990's."

Referring to the question of price reform, Deng Xiaoping said: "This is a task involving very big risks, but we can accomplish it. This is an optimistic prediction, not something groundless. Meanwhile, we should resolve to face rather big risks and prepare countermeasures. Thus even if a big risk appears the sky won't fall down."

He said: "We have realized our first goal, that is, to guarantee people enough food and clothing. If we do not successfully complete price and wage reforms and straighten out the relations between various economic sectors now, though there will be no problem for us to achieve the second goal of being comparatively well off by the end of this century, it will be hard to realize the third goal of reaching the level of a middle-developed country within 50 years after the start of the next century. So we should be determined to take the risks, now."

He pointed out: The reforms cannot be carried out one-by-one. Rather, they should be tackled in a comprehensive way. We have to pay a price for the reforms, but "it is better to bear short-term sufferings than the long-term ones."

He said: "Now conditions are ripe for us to take the risks of price and wage reforms in an all-around way. First of all, we have 10 years of development, and both our society and our people have a certain ability to endure risks. Besides, we have had experience in overcoming serious difficulties during the 1960's. We have more materials now than we had then."

He said: "The people will accept the decisions of the government as long as we make those decisions clear to them. Even if a rather substantial risk appears, it will be much easier to overcome now than in the early 1960's."

Deng Xiaoping thanked foreign friends for the numerous positive suggestions on China's development they put forward at this international seminar. He said: "You have come to Beijing to attend the seminar, disregarding the hardships involved in such a trip. Actually, you have helped China. Through this seminar, we have heard many useful opinions, which will have very good effects on our government's policy-making."

He hoped that entrepreneurs from various countries would boldly come to China to invest and bring technology in order to aid China's development. He said that China's reforms involve risks, but there are no risks for foreign investors. The Chinese are poor, but they keep their word.

At the meeting, Deng Xiaoping reaffirmed the Chinese Government's consistent stand on the Hong Kong question. He said: "The Chinese Government will not change its principles and policies on the Hong Kong question. We have promised that the present system in Hong Kong will be kept unchanged for 50 years after 1997. This promise will not be changed."

Deng Xiaoping said: "Many foreign friends asked me why it will be kept unchanged for 50 years and what basis we have in saying so. I told them that we do have a basis because when we say it will be kept unchanged for 50 years, we are not trying to put the Hong Kong people's minds at ease but are considering the close relationship between Hong Kong's prosperity and stability and China's development strategy."

He said: "China needs 50 years in the next century for its development strategy. Apart from one Hong Kong, we are planning to set up several Hong Kong-type areas in the mainland."

Deng Xiaoping said: "Actually, the phrase 50 years is a figurative language. As a matter of fact, there will be no change even after 50 years. This is because by that time the Chinese mainland will have developed to the level of a middle-developed country with an average per capita income of \$4,000. Even if Hong Kong' average per capita income should exceed \$10,000, the mainland figure will be close to it. We say no change for 50 years and even after 50 years because no change is needed. We are not speaking irresponsibly."

(Kurt Fugle), former chairman of the Swiss (?Federal Assembly), said that at the seminar sessions over the past few days representatives had conversations with Chinese friends, and the Chinese leaders showed courage and determination to implement the reform and open policies. He has a deep impression about China's reforms, he said, adding that foreign friends expressed willingness to cooperate with China.

Ma Hong, chairman of the current seminar, was among those present on the occasion.

Zhao Lunds 'Mass Management Working Method'
OW0506150988 Beijing XINHUA Domestic Service
in Chinese 0021 GMT 3 Jun 88

[By reporters Zhang Hongwen and Xia Lin]

[Excerpts] Tianjin, 3 Jun (XINHUA) — How should a director's managerial authority be integrated with the workers' status as the masters of the plant according to

the institution of the director's responsibility system? How can we ensure that all workers and staff members assume risks together after an enterprise is contracted for management? The "mass management working method," a new working method developed by Zhang Shilun, director of Tianjin's Haihe Plant, has provided the keys to these questions.

Comrade Zhao Ziyang, after hearing a briefing by Zhang Shilun during a recent inspection tour of Tianjin, pointed out that we should always pay attention to the status of workers and staff members as the masters of enterprises, which, in the final analysis, is a manifestation of the nature of our country. After praising the "mass management working method," he recommended that it be tried out at larger plants.

The "mass management working method" is a new managerial mechanism of enterprises, whose key point is, on condition that the plant director's managerial authority is ensured, to encourage all workers and staff members to take part in management by bringing into full play their managerial talent and displaying their creativity, thereby changing individual contracting by the director to joint contracting by all workers and staff members, and centralized management by a few to mass management by all. The new working method has received a favorable response from the workers and staff members because "it strengthens the collective and integrates the masses in jointly assuming risks and achieving prosperity." [passage omitted on details of the working method]

The "mass management working method" has aroused keen public interest. Relevant departments in Tianjin Municipality are summarizing the plant's experience in order to try out the new managerial mechanism at large and medium-sized enterprises.

Li Peng, Yao Yilin Address Bankers
OW0306140988 Beijing XINHUA Domestic Service
in Chinese 1317 GMT 2 Jun 88

[By reporter Ding Jianming]

[Text] Beijing, 2 Jun (XINHUA) — Li Peng and Yao Yilin, both members of the CPC Central Committee Political Bureau's Standing Committee and premier and vice premier of the State Council respectively, heard briefings yesterday afternoon in Zhongnanhai on the national meeting of branch managers of the People's Bank of China. The national branch managers' meeting just ended in Beijing. At the briefing, Li Peng and Yao Yilin spoke separately.

In his speech, Li Peng, first of all, fully affirmed the great amount of work done by the bank in supporting reform and the open policy, developing production, and stabilizing the economy during the period of the initial phase.

Then Li Peng said: The current economic system in China is in a transition from one that was highly centralized and unified in the past to the system of socialist planned commodity economy. We should strengthen macroeconomic control in the course of this transition process as well as in our future economic work. The bank is an important means for the state in carrying out objective regulation and control and plays an increasingly crucial role in various means of macroeconomic control. Therefore, the bank must actively make efforts to accelerate reform and improve its functions as quickly as possible in order to bring into full play its role as a leverage in regulating the economy.

Li Peng said: The contradiction between the supply and demand of funds is very conspicuous due to a relatively great demand for funds by all sectors of society at present. As a consequence, the bank is under various pressures in carrying out its work. The State Council will take effective measures to support the bank's work. The People's Bank of China is an integral part of the State Council and carries out the state policy on macroeconomy. The people's banks at all levels and the specialized banks are relatively independent in their organizational system. Localities and departments should not interfere with the operations of the banks. They should not force the banks to grant loans. Generally speaking, no financial institution will be established by localities or departments. The banks at all levels must earnestly assume responsibilities, resist loan demands incompatible with the requirements of policy by localities and departments, and not yield to intercessions.

Li Peng said: The bank must be strict with itself and not indiscriminately use the funds regardless of policy just because it is in control of the funds. The bank must formulate guiding financial principles and policy in accordance with the state policy on industries to follow and serve the strategy and the long and intermediate-term plan for national development.

Finally, Li Peng said: At present, the overall situation in China is good. Reform has entered into the crucial stage. He called on the banks and financial and planning departments to strengthen coordination to enable the banks to play a greater role in all national economic activities.

In his speech, Yao Yilin pointed out that the bank must not relax in its present work and must continue to implement the guiding principle of "tightening control."

Yao Yilin said: The purpose of implementing the guiding principle of "tightening control" is to promote reform, develop the economy, and forestall overly high inflation. Therefore, we cannot look upon it as a passive guiding principle.

Yao Yilin said: The guiding principle of "tightening control" does not signify passive curtailment. It aims at supporting superior enterprises and restricting inferior

ones, and dealing with each case on its merits on the premise of bringing the overall situation under control. The bank still must give active support to agriculture, export, and foreign exchange-earning industries, and such basic industries as energy, communications, and raw and semi-finished materials, whose development is badly needed by the state. As for office buildings, auditoriums, and hotels, and some processing industries that have to be brought under control, the bank must resolutely restrict and curb its credit loans to them.

Yao Yilin said: All fund-related contradictions have converged in the bank now. Every locality and every department is asking for money from the bank without paying attention to efficient use of funds. This is mainly because the current price of funds is too low. Therefore, on the one hand the bank must vigorously develop the market for funds through deepening reform and gradually change the situation in which the bank "takes charge of all" the funds. On the other hand, it must regulate the demand for funds from all sectors of society by means of the leverage of interest rates.

Yao Yilin said: In the current economic activities of our country, the phenomenon of making comparisons with each other in the speed of development exists in some localities. This kind of comparison will bring about many bad consequences. Yao Yilin said: The merits of local work cannot be appraised by the speed of economic development. High speed does not mean having done a good job; and low speed does not mean that a particular locality has done a poor job. Therefore, the local governments at all levels must proceed from their own conditions and must not be engaged in blind comparisons with each other over the speed of development.

State Councillors Wang Bingqian, Li Guixian, and Chen Junsheng listened to the briefings.

Law Drafted on Processions, Demonstrations
HK0506020888 Hong Kong WEN WEI PO in Chinese
5 Jun 88 p 2

[Dispatch from correspondent Liu Jui-shao: "China Is Drawing Up Law on Processions and Demonstrations"]

(1Text) Beijing, 4 Jun—According to reliable sources, in order to ensure citizens' freedom of assembly, procession, and demonstration, and to avoid the indiscriminate use of this right, the departments concerned have drawn up a "Draft Law of the PRC on Assemblies, Processions, and Demonstrations," applicable to the whole country, and submitted the draft to the Legal Research Bureau of the State Council last month for study.

Informed sources say that the question of how to deal with processions, assemblies, and demonstrations was also discussed at the CPC Central Committee Political Bureau meeting.

It has been revealed that this draft law submitted to the State Council contains 18 articles, and has been drawn up on the basis of several drafts drawn up since 1985 and also in line with experiences in handling such affairs over the past 30 years. The law aims at ensuring the citizens' lawful exercise of their rights conferred under Article 35 of the Constitution, that is, "the citizens have freedom of assembly, procession, and demonstration."

Many of the articles in the draft ensure citizens' rights. For instance, it stipulates that the people's government at all levels should give approval for and protect the proper and lawful exercise of these rights (of procession, demonstration, and so on); the public security organs should issue a decision within 3 days after receiving an application from the citizens, and issue a notice 24 hours before the event is due to take place. If the organizers are dissatisfied with the decision of the public security organs (for instance, if the organs do not give approval or demand changes in the contents of the processions, and so on), they can request a reexamination by the people's government at the corresponding level. Processions and demonstrations for which approval has been given should be supported and assisted by the public security organs, by maintaining traffic order, preventing interference from outsiders, and so on.

The draft also lays down some provisions for preventing the indiscriminate use of the freedom of assembly, procession, and demonstration. For instance, the organizers must apply to the public security organs for approval 5 days before the event, and the event can only take place after approval is given. It is necessary to give details of organizing the action (such as the reason, the number of participants, the route of the procession, and the methods unsuccessfully tried for solving the problem before staging such an event). There must be marshals for maintaining order, wearing identifying badges. People may not carry weapons or objects affecting citizens' safety. The public security personnel can deal according to law with instances of wrecking public property and disrupting public order and safety.

As for various conventional assemblies, such as religious, sporting academic, and cultural events and folk customs (weddings, funerals, celebrations of joyous events, and offering sacrifices to gods or ancestors), there is no need to apply for permission, so long as the citizens' rights will not be affected.

The draft also says that foreigners in China similarly enjoy the right of proper procession and demonstration conferred by this law, but they are similarly bound by its constraints.

CPC Policymakers 'Update Their Ideas'
HK0606064588 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1009 GMT 5 Jun 88

[Article by Yi Lan (0122 5665): "CPC Policymakers Update Their Ideas"]

[Text] Hong Kong, 5 Jun (ZHONGGUO TONGXUN SHE)—According to reliable sources, at a meeting with the visiting leader of an African state, a CPC leader exhorted him saying: In light of China's experience, I advise you not to practice socialism, at least not to practice sweeping socialism. If you insist on practicing it, you should practice socialism with the characteristics of your own country.

At about the same time, when meeting the black African state leader, another CPC leader also advised him: Instead of developing a state economy as China did in the past, you should further develop private economy.

When talking the other day about China's promise that the present Hong Kong system would remain unchanged for 50 years, Deng Xiaoping said: Fifty years is actually a figurative term. In truth, it will not change, nor is there a need to change it, after 50 years.

The above-mentioned remarks represent a very important piece of information, showing that the CPC policymakers, in line with the principle that "practice is the sole criterion for testing the truth" and through 10 years of reforms and opening up, have realized the difficulties and risks of practicing the socialist system. Moreover, they are convinced of the vitality of capitalism in developing the productive forces and the commodity economy, holding that socialism and capitalism can coexist for a long time not only on a worldwide scale but also on a nationwide scale.

Obviously, there have been important changes in the concepts of the CPC policymakers. In truth, they are sorting out the theories related to socialism and capitalism to date and, in light of China's practice and experience, constantly exploring the contents and practice of socialism. Since they are exploring, there will inevitably be risks.

The changes in the concepts of the CPC policymakers will have a major influence on the formulation of many national policies on the Chinese mainland in the future.

Earlier, when some influential theoreticians on the mainland queried the validity of some Marxist-Leninist viewpoints and the many phenomena in the socialist system, some political essays in Hong Kong and overseas still held that it merely showed the consciousness of individual thinkers on the mainland. It now seems that these new ideas and new arguments have influenced the CPC policymakers.

To be bold in recognizing that there are weak points in socialism and that there are strong points in capitalism is naturally a big step forward. However, effecting changes will certainly bring some pain. Take the price reform as an example. The CPC policymakers are now determined to "tackle the difficult problem." They would rather take risks than backtrack. To absorb the capitalist market regulatory mechanism, it is absolutely necessary to relax

controls over prices and let the market regulate them. In this way, it will be difficult to avoid temporary soaring prices and popular complaints arising from people's inability to adapt themselves. In spite of this, the courage of the CPC policymakers is still worth admiring. Zhao Ziyang indicated that it would take 5 years to "completely shift the economy to the new structure." These examples show both the determination of the Chinese authorities and the arduous and protracted character of this task.

LIAOWANG Views Party Tasks in Government
HK0406080588 Beijing LIAOWANG in Chinese
No 21, 23 May 88 p 11

[Article by Song Jishui (1345 0678 3055): "The Tasks of Party Organizations in Government Organs—An Interview With a Responsible Member of the CPC Central Committee State Organ Work Committee"]

[Text] Through the administrative structure reform and adjustment, party leading groups in government institutions will be gradually disbanded, and the executive chiefs responsibility system will be established. In other words, the executive chiefs will be completely responsible for the work of a government institution. Then, what functions should the party organizations in the government organs perform? How should they properly handle their relations with the administrative leaders? Recently, this reporter interviewed a responsible person of the CPC Central Committee State Organ Work Commission on these issues.

This responsible person said: Party organizations in government institutions should perform their functions and duties according to the relevant stipulations of the party Constitution and the party central leadership's relevant regulations. They should actively support and assist the administrative leaders in fulfilling the tasks of various government departments; that is, they should properly play a "guaranteeing, supervising, and assisting" role around the central tasks of the government departments. The party organizations should submit to administrative leaders regular or irregular reports about their work. They should solicit instructions and opinions from the administrative leaders when they are faced with important issues in their work. At the same time, administrative leading cadres at all levels, especially department heads and bureau chiefs with party membership, should warmly and actively support the work of the party organizations in government institutions, and help them deal with various concrete issues in their work.

He said: At present, some party committees in government institutions are performing certain administrative functions, and these functions should be gradually shifted to relevant administrative departments. According to the principle of separating the party from the

government administration, party committees in government institutions should not replace administrative organs to handle administrative affairs; instead, they should concentrate on handling party affairs and building party organizations.

Ideological construction—Only by properly conducting ideological construction inside the party can the party enhance the quality of party members. Only thus can the party organizations and party members stand the tests of holding a ruling position and the tests of reform and opening up, and correctly implement the party's line, principles, and policies. At present, it is necessary to deeply study the party's basic theory and basic line for the initial stage of socialism so as to unify the thinking and actions of all party members, especially party leading cadres. Ideological education should be suited to the new situation of reform and opening up, and should be closely linked with the actual thinking of party members. For example, party members should correctly understand the necessity of separating the party from government administration. Our party's basic purpose is to serve the people. Our party is the leadership core of China's socialist cause. The party's task is to exercise general leadership over the work of state organs through formulating the correct line, principles, and policies, thus leading the people of all nationalities to build our country into a modern socialist power. However, this does not mean that the party should organize and direct concrete work in all fields. Therefore, it should be made plain that the people's leadership is not reflected in the party's handling of concrete work, but is reflected in the party's role in really supporting and leading the people to be masters, fully guaranteeing the state functional departments' performance of their functions, and giving play to the initiative of the people's organizations. Fundamentally speaking, the party's leadership should find expression in the actual implementation of the party's line and policies.

Organizational construction—This means that party organizations in government organs at all levels should be properly built so that all grass-roots party committees can play a guaranteeing and supervisory role and all party branches can play a role as fighting bastions. As for party construction, the stress should be placed on the building of grass-roots party organizations. There are many things to do, but the fundamental thing is to seriously fulfill the seven constant tasks put forth by the 13th party congress. Only by fulfilling these tasks can the party organizations be full of vigor and combat effectiveness. It is also necessary to perfect the system of regular activities of the grass-roots party organizations. This should be taken as the main task in the organizational construction of the party at the grass-roots level. To build perfect party organizations inside government institutions, it is necessary to maintain some party functional organs and a certain number of party functionaries. The party organs and personnel should be efficient, competent, and full of vigor in their work, and

they should have initiative and enthusiasm. The personnel of the party organs inside government institutions should maintain a strong party spirit, resolutely implement the party's line, and be full of dedicated spirit and have a strong sense of responsibility. In order to win trust from the masses and win support from the party rank and file, cadres in charge of party affairs should make progress and achieve good results in their work so as to enhance their position and prestige and create a new situation in party work. Henceforth, the party committees and party leaders in various government departments should be elected by party congresses in these departments, and in these elections, the number of candidates should be larger than the number of those to be elected. This should be a major reform measure for the party's organizational construction.

Work style construction—Under the new situation of reform and opening up and developing the socialist commodity economy, we must particularly stress the honesty and incorruptibility of party and government officials. That is, we should perfect the systems, strictly enforce discipline, maintain honesty in the performance of official duties, maintain a realistic attitude, work in a down-to-earth manner, avoid empty talk, and promote the work style of being efficient, prudent, and honest in government institutions. A major measure for improving the party style is to strengthen the party's internal supervision. All party members have the duty to supervise other party members and should also subject themselves to the supervision of other party members. No one can be regarded as a special party member without being supervised by the party organization. The party's internal supervision should be mainly directed at leading cadres with party membership. Of course, our supervision should not be merely negative supervision, which just aims at people's faults and shortcomings. Instead, our supervision should be positive and based on party members' consciousness and strict self-discipline. The attitude in internal supervision must be sincere; the handling of problems must be accurate; and the settlement of problems should be aimed at helping erring comrades. The starting point and purpose are to give full play to the vanguard and exemplary role of party members and leading cadres with party membership.

This responsible person also said: Under the new situation of reform and opening up, especially in the course of the transition from the old system to the new, it is particularly important to strengthen the ideological and political work among workers in government institutions. This is also a major component part of the tasks of the party organizations in government institutions. While concentrating on consolidating the party organizations, they should also actively help administrative leaders do ideological and political work among government personnel. The party organizations should be responsible for organizing, coordinating, supervising, and inspecting this work and summing up experiences so as to contribute the improvement of the work style of

government institutions. Party committees in government institutions should often listen to the opinions and demands of the masses, and promptly report to the administrative leaders and relevant departments. At the same time, they should put forward proposals for solving the problems and improving the state of affairs, and help and prompt the administrative departments concerned to seriously put the measures into practice. In the meantime, they should also actively help the personnel department conduct the assessment on the work performances of administrative leading cadres at various levels, collect information, and put forward proposals on the appointment, dismissal, and transfer of cadres and on giving awards or penalties to cadres.

Concluding, this responsible person said: In order to meet the new situation in the administrative structural reform, party committees in government institutions should make active efforts to change and improve their work methods and leadership forms. In the past, party committees in various government departments have done a great deal of remarkable work. Henceforth, they will certainly be able to make greater contributions. We hope that party organizations at various levels will be able to stand in the forefront of reform and construction, will be the brave vanguard of reform and opening up, will be the loyal executors of the party's line and policies, will enforce strict discipline and maintain justice and an incorruptible position, and will be closely linked with the masses and wholeheartedly serve the people.

RENMIN RIBAO Commentator on Law Enforcement
HK0606053488 Beijing RENMIN RIBAO in Chinese
2 Jun 88 p 1

[Commentator's article: "Law Enforcement Personnel Are Not Permitted To Play the Bully and Break the Law"]

[Text] It is disgraceful and shocking to read the reports on the manipulation of power for personal interests of some market law enforcement personnel in Beijing. This type of scandalous phenomenon did not occur outside Beijing but in the capital. There were not just a couple of incidents; they are a rather common phenomena. Doesn't this alarm people?

Originally, various laws formulated by the state were to ensure normal order in social life, and to protect the legal rights of the masses of citizens. People should obey the law, and the enforcement of the law should be strict. Law enforcement personnel should set an example and strictly obey the law. However, a small number of law enforcement personnel who know the law have broken it and used their law-enforcement power to obtain private benefits and to suppress people. They said what they wanted and did what they wanted. They did not observe the law at all. The seriousness and the sanctity of the law are wantonly profaned and trampled on by them. If this type of person is allowed to wantonly do whatever he

wants, the authority of law enforcement departments will be seriously damaged. The prestige of the government and the stable and united political situation will also be damaged.

To build a new order for the socialist commodity economy, the management of the market should be strengthened in accordance with the law. The key here is to act in accordance with the law. If people buy food and take goods without paying, extort and blackmail other people, and act in wild defiance of the law with the excuse of enforcing law, the order in the market will inevitably be ruined. Having this type of law enforcement personnel is worse than being without them. However, there are a small number of people, who have low ideological values and often seek private benefits and disturb people with the excuse of enforcing law, in the contingents of management of industry and commerce, taxation, pricing, environmental hygiene, public security and so on. This type of phenomenon should not be tolerated.

The main duty of law enforcement personnel is to supervise people; and first of all they should be supervised. Without the supervision of the masses, power inevitably will become corrupted. It is hoped that the Beijing departments concerned can pay a high degree of attention to the serious problem reflected by this report, listen to the opinions of the masses, consciously accept the supervision of the masses, and work hard to strengthen the building of their own contingents. It is essential to strengthen the education on law. The most important thing is to strictly enforce the law. In handling people who have seriously violated the law and discipline, we should not excessively accommodate them, but should remove them without mercy.

PLA Navy Reiterates Defense of Spratlys
HK0406035888 Hong Kong TA KUNG PAO in Chinese
4 Jun 88 p 2

["Special Dispatch" by correspondent Lin Ning: "Navy Steps Up Education on National Territorial Waters; Reiterates Defense of Nanshas"]

[Text] Guangzhou, 3 Jun (TA KUNG PAO)—According to well-informed sources the Chinese Navy has recently stepped up education in national territorial waters, and stressed that the continental shelf, economic zones, and territorial waters under China's jurisdiction in accordance with the "UN Ocean Convention," brook no violation, thus showing its determination to defend the Nanshas [Spratlys].

According to what has been disclosed the naval units garrisoned on the Xisha Islands and are responsible for patrolling and defending the Nansha Islands have recently written some supplementary "Educational Material for Defending the Sovereignty of the Nanshas," giving a detailed introduction to historical changes and development in the Nansha Islands, the rich resources of the islands, and how the Chinese Government and

people have struggled against aggressors in defense of the Nanshas' sovereignty. Concerned departments in Hainan Province have also provided a large quantity of documents and materials and have produced a 150-minute educational television series entitled "Great Undertaking of Today, Exploits of a Thousand Years," giving the history of how the Chinese people's ancestors discovered and exercised jurisdiction over the Nanshas; proving with indisputable facts that the Nansha Islands have always been Chinese territory; and exposing and denouncing acts of aggression.

The material says that the Nansha Islands, with a total area of 820,000 square kilometers, are China's southernmost islands in the South China Sea. These islands have more reefs and beaches, a greater area, and richer natural resources than any other group of Chinese islands. The islands comprise China's biggest tropical fishing ground for grouper, tuna, and Spanish mackerel, and for catching sea cucumbers, hawksbill and other turtles. Of the world's more than 40 edible sea cucumbers, 20 are found in the Nanshas. Beneath the surrounding seabed are numerous deposits of manganese nodules which can be used to produce the major fuel for nuclear power. There are also rich mineral resources including iron, copper, and aluminum. The oil reserves reach 2 to 4 billion tons, forming one of the biggest oil reserve zones in Asia. The waters around the Nansha Islands form an important passageway linking the Indian Ocean with the Pacific. No wonder Vietnam has cast greedy eyes on them.

Observers here note that the reason the PLA spokesman made statements declaring the position on defending the sovereignty of the Nanshas on several occasions, and why the naval units have stepped up education in territorial waters, is that Vietnam has intensified its aggression and provocation in Nansha waters and the Chinese military forces want to make their determination clear. According to an analysis, the Chinese Navy at present has five different arms: submarines; surface vessels; air units; coastguard units; and the marine corps, and is strong enough to fulfill the tasks of defense and resisting aggression at sea.

Naval Air Unit on Importance of National Defense
OW0406152788 Beijing Domestic Service
in Mandarin 0930 GMT 2 Jun 88

[From the "National Hookup" program]

[Text] Air units of the PLA Navy have paid attention to educating commanders and fighters to enhance their awareness of the importance of national defense so as to stir up their enthusiasm to take combat training in peacetime. From January to April this year, the naval air units increased their numbers of flights by 70 percent, while the flying hours of a pilot nearly tripled on the average.

Most of the air units of the Navy are stationed in coastal areas opened to the outside world. They are more subject to the impact of the commodity economy than the PLA arms and services stationed in the interior. In recent years, under the circumstance of the limited military spending, there has been an ever-widening gap between these units and local people as far as their material and recreational conditions are concerned. In view of this, some cadres and fighters are eager to take off their uniforms and want to be transferred to do civilian work in various localities so as to carve out a new career as early as possible. The weakening of the servicemen's sense and the national defense consciousness has become a rather prominent problem in the barracks.

In the face of this new situation, the air units of the Navy have, in particular, geared up the efforts to reform themselves and solve their practical difficulties. Meanwhile, they have persistently focused on educational training as their central task.

There is a Naval Air unit stationed in Hainan. Since this unit is located in a large special zone for reform and opening to the outside world, its problems are especially representative in nature. To solve these problems, this unit has, on the one hand, put emphasis on commending the advanced models in guarding and building this island so as to enhance the servicemen's sense of pride. On the other hand, all-out efforts have been made to publicize Hainan's strategic importance so as to increase the servicemen's sense of responsibility. Recently, the commanders and fighters of this unit have fulfilled with flying colors their heavy tasks of strengthening preparedness against war, duty work, and undertaking flight training.

Basic Contradictions in Army Building
HK0506074088 Beijing JIEFANGJUN BAO
in Chinese 13 May 88 p 3

[Article by Lu Ning (6424 1337): "An Analysis of the Basic Contradictions in Our Army Building During the New Period"]

[Text] Our Army, as a particular social group, is a relatively independent body in society. An analysis of its social formation will be helpful to us in having a better grasp of the basic contradictions in our army building during the initial stage of socialism, and in conducting army building under the guidance of Marxist doctrine on the state.

The army's social formation may be divided as follows: its social political formation, technical equipment formation, and operational mode formation.

Social political formation: This refers to the Army as a social body with regard to its inner social relationship in every aspect as well as its relationship with other social bodies. The core of the army's social political formation is its political quality, namely the army's class nature,

which determines the basic character of the army's social political character, and defines its nature. This core extends itself, and an entity with different layers comes into focus: the social relationship inside the Army (such as the relationship between officers and men); and further beyond, the relationship between the Army and other social bodies (such as the relationship between the Army and the people.) The army's political nature is determined by its social political formation, specifically, by its core. For instance, it determines whether an army is bourgeois or proletarian in nature. At the same time, the armies of different countries in the same period may share something in common. For example, their organizational structures. Engels said: "The general army organizations of various modern nations are similar to each other." Such similarity is determined by the times. However, differences are contained in such similarity. This is determined by the different national conditions (such factors as population, territory, and nation of various countries.)

Technical equipment formation: This refers to the weaponry and technical level based on which the Army conducts its operations. They include the levels of energy resources, materials, guidance, and telecommunications. These are closely related with a nation's level of productive forces, especially with its levels of science and technology in modern times. An army's technical equipment formation reflects a nation's production, science and technology in the area of military affairs. Like its social political formation, an army's technical equipment formation is also stamped with the characteristics of the times. For example, primitive and ancient weapons and gunpowder weapons were characterized by different times. Generally speaking, technical equipment formation can be regarded as an important sign of an army's developing level.

Operational mode formation: This refers to an army's basic principle and mode of actions. Operational mode formation includes strategic and tactic principles; combat rules and regulations; instructions and decrees, as well as operational modes, ways and principles.

The relationship between the three formations are: Technical equipment formation determines operational mode formation. Together they determine the social political formation. In other words, a certain technical equipment formation determines certain operational mode formation; while a certain technical equipment formation and its relative operational mode formation require a certain social political formation.

However, an important issue is that under certain conditions, social political formation may develop with relative independence by transcending reality, but technical equipment formation and operational mode formation must develop successively through replacement without transcendence. Consequently, a phenomenon emerges: The coexistence between an advanced social political formation and a backward technical equipment

formation as well as operational mode formation. Such a condition usually takes place in a developing nation that is economically backward. China falls into such a category.

An answer for the occurrence of such a condition can only be found in the general framework of social development. In other words, we will have a better idea of this issue when we put it in the general framework of social development. Such co-existence as mentioned above falls in line with the development of a backward nation, which has transcended the stage of capitalism; it is also the precondition as well as the consequence of transcending the stage of capitalism.

In his late years, Marx made a rather in-depth study of this issue. After Marx passed away, Engels did voluminous research on it. Only these important ideas were neglected in the past, resulting in theoretical confusion to a point.

In fact, in his "Notes on Anthropology" written between 1879 and 1881, Marx revised and defined his concept that social development must go through the stage of capitalism in historical progress, which he first proposed in the 1850s, and renewed his understanding of the Asian production mode. In 1881, he pointed out: The "historical inevitability" of capitalism holds good only to various Western European nations. In addition, he pointed out: It is possible for backward nations in the East to develop in line with capitalism, or in line with socialism by transcending capitalism. However, such transcendence depends upon the historical environment as well as the acquisition of "a normal condition for free development." According to Marx, this condition was none other than "people's revolution." The Army is the kernel of people's revolution. This principle coincides with Mao Zedong's maxim "political power grows out of the barrels of guns." This path has been evidenced by China's historical progress. The initial stage of socialism we are in at present is precisely the of such transcendence, the necessary prerequisite is the People's Army.

However, development characterized by transcendence is limited, namely, transcendence is confined to the ownership relationship only. Marx emphatically pointed out: To build genuine socialism, it is imperative to have a command of the tremendous productive forces of the capitalist society as social properties and means." In other words, productive forces must make progress in successive replacement.

Let us take a look at the relationship of an army's three formations again, now that we have a better idea of the general background. We may say that the People's Army has emerged as the necessary condition for the development of socialism transcending capitalism in China. On the one hand, the People's Army has pushed forward, and promoted such transcendence. On the other hand,

the contradiction between advanced production relations and backward productive forces is reflected in the Army itself with the realization of such transcendence. This finds expression in the non-synchronicity of the three formations: The transcendence of social political formation, and the impossible transcendence of technical equipment as well as operational mode. This is precisely the present condition of our army's three formations.

Based on the above-mentioned analysis, we may say: The basic contradiction of our army building at the initial stage of socialism is one between an advanced social political formation and the backward technical equipment formation as well as operational mode formation. The contradiction is the basic contradiction of China's initial stage of socialism reflected in our army building. The characteristics of this contradiction are: It is a conclusion derived from the plane that "an army is a relatively independent social body." Therefore, the army possesses its peculiarity with regard to the entire society; but as an army, it has its own general character. Thus, our Army has a double character. When studying an army, we should pay attention to a particular angle in viewing it. From the angle of an army, it is a basic contradiction, for its movement as well as development affect and restrict the movement as well as the development of other contradictions in army building. Viewing its nature, we found the process of army building one of resolving contradictions.

Any contradiction is the unity of opposites; but as a relationship, the juncture of the two opposites of a contradiction is very important. Here, the juncture of the two opposites in the above-mentioned basic contradiction is "social formation." In other words, we shall determine the opposites based on the army's social formation. Such a juncture is more of a basic characteristic than other junctures. "The two opposites that shape into a contradiction should be two tendencies in opposite directions" ("Basis of Marxist Philosophy" p 401.) The two opposites of this basic contradiction embodied as two tendencies in opposite directions, are based on "progressiveness." In fact, "progressiveness" is a historical concept, and a referential system set up in the course of historical development. It is in this historical referential system that we study the opposite tendencies. Therefore, it can be generalized as the unity of opposites in the historical referential system of social formation.

This basic contradiction has revealed the differences in formation inside army building itself. It helps us acquire a macroscopic view of the general outline of army building, and to locate a point for a breakthrough. This point for a breakthrough is to grasp the basic contradiction, to analyze the characters of its various aspects, and to push forward its solution. Viewing the actual conditions, we should grasp the backward technical equipment formation and operational mode formation, and promote their conversion and development to a higher level. All other contradictions come under the restriction of this contradiction.

Military Commission Raises Education Standard
OW0406222788 Beijing XINHUA in English
1344 GMT 4 Jun 88

[Text] Beijing, June 4 (XINHUA) — Platoon leaders in the Chinese People's Liberation Army (PLA) will have to have at least a secondary school background, according to a decision recently approved by the Central Military Commission.

This is part of the reform in training army officers.

Military academies throughout China will recruit 30,000 students from PLA's grass-root units this year.

The ratio of senior middle school graduates will be reduced a more outstanding squad leaders and soldiers with a junior middle school education will be selected to study at the military academies.

Economists Forecast Further Price Increases
HK0606003288 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 6 Jun pp 1, 3

[By staff reporter Shen Feiyue]

[Text] Chinese economists have warned that the upward trend in prices is irreversible this year. The inflation rate will remain high, and could rise faster than last year's national average of 7.3 percent, they said.

It hit 11 percent during the first quarter of this year according to the State Statistical Bureau, the highest level since China began to move toward a planned market-oriented economy and relaxed price controls in 1978.

"I predict that in the next seven to eight years rising prices will no longer be seen as a demon but a necessary by-product of the country's economic reforms," Xia Fenglei, a researcher from the China Research Institute of Restructuring the Economy, told BUSINESS WEEKLY.

One of the 'think-tanks' of China's senior decision-makers, the research institute recently issued a special report on the country's price situation.

The report attributed the price rises this year to such factors as an increase in the money supply, the reforms in the country's fiscal and foreign trade systems, the increase in per capita income, and the new food subsidy policy.

China's money supply has been increasing along with its high economic growth rate in recent years, even though many economists have warned about the possible aftermath—inflation.

Between January and May 23 this year, the amount of money in circulation increased by 11.762 billion yuan over the same period last year, according to the People's Bank of China (PBOC), the country's central bank.

PBOC Governor Li Guixian told a recent national conference that the amount of money in circulation for the whole year would top 30 billion yuan if no effective measures were taken.

"The issuance of too many banknotes will harm the stability of the market and the economy, especially when there is already too much money in circulation," he said.

He urged control over the total volume of bank loans and various measures to support key projects, in particular those with good economic results.

Reform of the country's fiscal system is also influencing price levels, the research report said. Under the new system, local governments have wider powers to adjust prices and dispose of their revenue after they have fulfilled the quota of revenue to be turned over to the central government. They may take bolder price reform steps of their own, thus causing even faster price rises, according to the report.

The new system also intensifies the existing conflicts in economic interests between the inland and coastal areas, mainly caused by the irrational ratio between the prices of raw materials and manufactured goods. The inland areas, which abound in raw materials, raise the prices of their products to safeguard their interests; this in turn pushes up the prices of manufactured goods made in the coastal areas, the report said.

Last year, China abolished subsidies on imports to make foreign trade corporations responsible for their own profits and losses—a move which resulted in a one percent rise in the retail price index on the domestic market according to the report.

The responsibility system introduced by many enterprises has greatly improved economic results, and increased the income of most workers. The rapid increase in per capita income has considerably stimulated the demand for consumer goods, another factor in increased prices.

The report said that the newly adopted policy to openly subsidize consumers to compensate for an expected hike in the prices of farm produce once price controls are removed will also trigger more price rises. Previously, farmers were subsidized to offset under-valued purchasing prices.

"Economic development and structural adjustment will, to some extent, result in inflation. Meanwhile, it is inevitable that the country's economic reforms will have to be carried out at the cost of a certain degree of price rises," the report stated.

"If administrative means are used to hold down prices, the supply of products will be reduced while the demand is stimulated. This result will be even worse than higher prices," the report said. "Some control on market prices can only be exerted to a limited degree at appropriate times."

The establishment of a new price system is a top issue in China's economic reform. But consumers accustomed to the stability of a centrally-planned price system have been reluctant to embrace a radical all-at-once shift or even less drastic step-by-step moves.

According to a survey by the China Social Survey System last October, 83.2 percent of the country's urban residents were dissatisfied with the price rises. The percentage was even higher in big cities such as Beijing and Guangzhou in the first quarter of this year. The majority of these disgruntled people, or 87.4 percent, were white-collar workers, engineers and intellectuals forced to live on fixed pay.

On the other hand, 82.9 percent of urban residents said their living standard was as high or even higher than in the same period of 1986. In the first quarter of this year, 66.4 percent of Beijing residents said they enjoyed a better standard of living, while only 10.5 percent declared themselves worse off.

The report concluded that the dissatisfaction with price rises implied a much more significant discontent over the rigid labour and personnel system which prevents people from competing for better jobs or taking up second jobs.

Most Chinese economists agree that reform of the current price system is vital to the country's economic development, even though it may cause dissatisfaction and meet resistance. It is also widely accepted that a stable money supply policy is essential to the success of price reform. The stimulation of the economy by inflation is very limited; it can prove to be perilous, even disastrous.

Despite all the risks, the country will take firm but careful steps to carry out the price reform. As the communique of the latest session of the CPC Political Bureau said, the country faces some very tough problems which cannot be avoided, but it must take advantage of favourable conditions to solve the problems resolutely and correctly. This is the latest and strongest signal from China's top decision-makers on the issue of price reform.

People's Support Needed for Price Reforms
OW0506095088 Beijing XINHUA in English
0154 GMT 5 Jun 88

[People's Support and Understanding, Imperative to Price and Wage Reform, Says Newspaper—XINHUA Headline]

[Text] Beijing, June 5 (XINHUA) — Today's WORKERS' DAILY said people's support and understanding are "imperative to the solution of some pressing and difficult problems" occurring in China's ongoing reform.

In a commentary, the paper pointed out further development of the reform has led to some pressing and difficult problems such as reform of the country's present irrational price and wage systems.

To develop a socialist commodity economy in China, it is a must to have rational price and wage systems, it stressed.

To this end, it is necessary to have a well-conceived and systematic plan.

The commentary said both prices and wages are directly concerned with people's life. Success or failure of this reform relies to a great extent on the understanding and support of the people. Therefore, people should have a good understanding of these problems, and they should be encouraged to discuss these problems and help find ways to solve them.

Today's GUANGMING DAILY also said in a commentary that to solve such pressing and difficult problems as prices and wages, a long-range and feasible plan must be worked out in a scientific and realistic way.

Land Management Planned for Construction
HK0506071288 Beijing RENMIN RIBAO in Chinese
2 Jun 88 p 2

[Report by Jiang Yaping (5592 0068 1627): "For the First Time Since the Founding of the PRC, China Exercises Planned Management Over Land for Construction Use"]

[Text] In 1987 China started exercising mandatory planned management over land for nonagricultural construction. This reporter learned from a national conference on planned management over land for construction use that the implementation of this land management system has enabled the state to control the drastic reduction of cultivated acreage.

The institution of the planned economic system for almost 40 years since the founding of the PRC had not included the use of land in a planned way, thus giving rise to a situation in which farmlands had been used and occupied at will for other purposes. This problem reached the peak during the Sixth 5-Year Plan, which registered an annual reduction of 7 million mu of farmland on the average and 15 million mu in 1985.

In 1987 the State Planning Commission and the State Land Administration Bureau jointly set the quota for the use of farmlands for nonagricultural purposes at 3.07 million mu. This quota was 1.78 million mu less than the quota for 1985 and 720,000 mu less than the quota for 1986. Over the past year this quota has produced initial results in controlling the use of farmlands for nonagricultural purposes. Statistics compiled by the State Statistical Bureau indicate that the actual area of farmlands used for nonagricultural production was 2.996 million

mu in 1987, 70,000 mu less than the designated quota. The arbitrary use of farmlands for nonagricultural purposes in eastern coastal areas is being straightened out. With few exceptions, no province, region, or city in the country has exceeded the plans designated for them. State construction projects have not reduced despite the reduction in the acreage of land for construction. This has provided experience for the relevant departments in exercising planned management over land.

There were still some problems left over from the management of land for construction last year. Twenty percent of prefectures and cities in the country have not set up land administration bureaus, and counties that have not done so account for 30 percent of the total. The problem of uniformity and coordination in urban and rural land management has not been resolved well. So the use of land for construction is still out of control in some localities.

The 1988 nationwide quota for the use of farmlands for nonagricultural construction has been set at 3 million mu, 70,000 mu less than the previous year. Apart from nonagricultural construction, the quota also includes construction for agricultural purposes. The quota for the use of nonfarmlands for construction purposes has also been set at 1.81 million mu.

Commentator Urges Strengthening Land Management
HK0506071488 Beijing RENMIN RIBAO in Chinese
2 Jun 88 p 2

[Commentator's article: "Strengthening the Planning and Management of Land for Construction"]

[Text] Last year China started exercising planned management over land for nonagricultural use. Last year's quota helped save farmlands totaling tens of thousands of mu. This was an important turning point in China's land management work.

In the course of the implementation of the planned economic system, the state had put some matters under rigid control; but matters that should have been strictly controlled had been left unattended. The latter found expression in the use and management of land, and farmlands in particular. The acreage of farmlands had greatly reduced because parts of them had been arbitrarily used for construction purposes. Like family planning, protecting farmlands has been regarded as a basic state policy. In the course of reforming the planning system and reducing mandatory plans, the state has included land for construction in its plan. This gives expression to the government's attention and determination in protecting farmlands in the course of changing its functions.

Exercising planned management over land for construction is a new job, and many new problems are waiting to be resolved. Viewed from the exercising of the planned management in 1987, first, it is important to set up and

perfect land management organs. Land management is complicated and involves land protection, land exploitation, land development, and the planning of land. All this is basic work of exercising macro-control over land for construction use. Without specialized organs to take charge of this work, it will be like building castles in the air.

Second, it is necessary to work out a scientific plan for the use of land for construction. Protecting farmlands and ensuring the use of land for construction are two contradictory matters that are not easy to resolve. Without a meticulous investigation and study or a detailed plan, planned management will be of no use.

Third, efforts should be made to coordinate the relationships between the plan for the use of farmlands for construction and the plan for capital construction, particularly the plan for the construction of cities and towns. Generally speaking, the plan for the use of farmlands for construction purposes is strictly carried out and the plans for capital construction and for the construction of cities and towns are a little relaxed in their implementation. As a result, in the course of their implementation, the plan for the use of farmlands for construction purposes makes way for the plans for capital construction and for the construction of cities and towns. To resolve this contradiction, it is necessary to form coordination and combination between urban land management organs and rural land management organs, apart from having a better understanding of the authoritative and serious natures of the plan for the use of farmlands for construction purposes, so that uniformity can be reached in the use of land.

State Grants Baoshan Steel Complex More Autonomy
OW0306091288 Beijing XINHUA in English
0750 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — China's central government has decided to allow the Baoshan Iron and Steel Complex, the country's largest, more management autonomy, today's "PEOPLE'S DAILY" reported.

Under the new policies, the Baoshan complex can sign contracts with the state on profit quotas and if profits exceed the contracted quota, the complex and the state will divide the excess. Also under the new agreement, employees' salaries can float, depending on the profits and taxes the complex turns in to the state.

Located in suburban Shanghai, the complex has received a lot of state investment, and in the past the firm has relied completely on state funds to operate.

To guarantee the smooth implementation of the new policies, the management at the complex has decided to sign contracts with every workshop and department and link the wages of every worker to performance, the paper said.

Complex leaders have also decided to lay off another 2,000 workers to better streamline the personnel structure.

RENMIN RIBAO on Problem in Contract System
HK0506051688 Beijing RENMIN RIBAO in Chinese
27 May 88 p 5

[Article by Sun Xiaoliang (1327 2400 5328) and Zhang Yanmin (1728 3601 2404): "A Question Meriting Attention in Instituting the Contract System"]

[Text] How the Question Is Raised [subhead]

With the implementation of contracted management, most enterprises have attained satisfactory results. Some others, however, have not attained satisfactory results chiefly because they have not aroused the enthusiasm of their subordinate units and the staff. For example, some enterprises urgently want to develop new products and adopt new technologies. However, because the enthusiasm of the relevant units and personnel is not high, their decisions cannot be executed as scheduled, thus bungling the opportunity. Although some enterprises do not have sufficient tasks for their subordinate plants and workshops, they do not voluntarily go outside to contract for other jobs. Although some workers and staff members go to work as usual, they do practically nothing. As a result, they cannot fulfill their tasks as scheduled, thus adversely affecting the enterprise prestige and even losing the market. Some enterprises go on consuming and wasting as usual some materials, the consumption of which can be economized.

To attain a satisfactory effect in contracted management, we should primarily depend on a perfect operational mechanism and bring into full play the enthusiasm of various quarters. After contracting for management, some enterprises do not arouse well the enthusiasm of all units and staff. This shows that there is indeed a problem of unsatisfactory effect at present. Therefore, conscientiously studying causes for the unsatisfactory effect and working out countermeasures constitute an important task to improve and deepen the enterprise contracted management responsibility system.

Ensure Effective Transmission of Contract Mechanism
[subhead]

The unsatisfactory effect of contracted management is chiefly due to the suspended transmission of contract mechanism.

The principal reason for the capability of contracted management to arouse enthusiasm is that a new economic mechanism can be formed through the contracted management. After contracting for management with the state, the enterprises should transmit this mechanism in various ways. If the transmission is suspended, the effect will inevitably decrease. After contracting for management, some enterprises fail to follow this through by

instituting contracted management within the enterprises. They have only changed the practice of "eating from the same big pot in the relations of the enterprises to the state" without changing the practice of "eating from the same big pot in the relations of the workers and staff members to the state" and, when the transmission is suspended, the effect is not good. Some workers and staff members said: If the enterprises run well, it is the leaders who receive pay rises and get promotion; if the enterprises do not run well, only one person is held responsible. Under such circumstances, the contract effect is bound to drop.

The key contents of contract mechanism include the direct link between labor remuneration and labor contribution and the symmetry among responsibility, power, and interests. The former is chiefly aimed at solving the question of interests. However, there must be a symmetry among responsibility, power, and interests. Otherwise, the three cannot condition one another. The specific forms and methods of transmitting contract mechanism should be determined according to the different features of different labor posts. But no matter what specific forms and methods are adopted, they must specifically reflect both the contents. Otherwise, it will be impossible to achieve the transmission of contract mechanism. The various forms of the enterprise internal contracts should be tested and determined according to this principle. If they conform to this principle, we should uphold and develop them; if they do not, we should improve and perfect them.

The transmission of contract mechanism is divided into two major categories, direct transmission and indirect transmission. The direct transmission, such as the all-personnel contract, is a contract between the enterprise staff, who act as a contract principal, and the state. The indirect transmission refers to the contracted management from one level to another. Under this system, an enterprise operator, who acts as a contract principal, first signs a contract with the state and then offers the contract to the lower levels. Generally speaking, the direct level of the contract is directly proportional to the transmission effect of the contract mechanism. But the direct transmission also has its limitations and therefore should be properly chosen in light of the features of different work posts. For example, the method of piece wages is, in fact, a specific form of direct contract between the workers and staff members and the enterprise operators and, therefore, can better arouse enthusiasm. But it is difficult to practice piece wages in process work. On this question, we should not consider only the requirements of contract mechanism. We should also consider other relevant factors.

The transmission of contract mechanism must be complete. The more complete it is, the better. For this reason, it is necessary to "institute the contract system vertically to the bottom and laterally to all sides" so that every cell of the enterprise can be vitalized. Only in this way can we bring into maximum play the contract effect.

Experience has proven that where the transmission of contract mechanism is suspended, the contract effect there drops, thus eventually affecting the contract effect of the whole enterprise.

In Internal Cooperation It Is Necessary To Practice the Principle of Exchange of Equal Amounts of Labor [sub-head]

Within the enterprises the practice of "instituting the contract system vertically to the bottom and laterally to all sides" can help achieve the complete transmission of contract mechanism and effectively prevent the contract effect from dropping. However, it will also generate many interests and power principals within the enterprises and bring about new contradictions. First, each interests or power principal carries out its activities according to the requirements of its own interests and applies its own decisionmaking power. This is in certain contradiction with the unified command of modern enterprise production. For example, an enterprise has instituted among its casting shops a contracted method of "independent accounting, self-calculation of profits and losses, and distribution according to profits or losses." In the enterprise's internal cooperation, the planned price of cast iron is at 850 yuan per ton but, in the cooperation between the casting shops and other enterprises, the market price of cast iron is 1,500 yuan per ton. Because the profit of the casting shops is directly linked to labor remuneration, they naturally prefer cooperation with other enterprises to internal cooperation. This has resulted in the practice of "using outside cooperation to squeeze internal cooperation" and made it difficult for the enterprise to organize normal production. Similar cases also happen in many other plants.

There are two ways to solve such problems: One is to abolish the internal cooperation so that an enterprise can recover its position as an interest principal and a power principal. In so doing, it will be easier to direct production but the contract effect will also simultaneously disappear. Another is to introduce the principle of exchange of equal amounts of labor in internal cooperation so as to unify internal and external exchange mechanisms and to narrow the gap between the two pricing systems.

The introduction of the principle of exchange of equal amounts of labor in internal cooperation means, in fact, changing internal cooperation in material objects and labor services from a "relationship of supplying and receiving" into an "relationship of buying and selling." This is a new method and we need a set of new methods.

First, it is necessary to work out internal prices. In fixing such prices, we should consider not only the question of narrowing the gap between internal prices and external prices but also the characteristics of internal cooperation. This is different not only from the previous "relationship of supplying and receiving," which did not take into consideration the law of value, but also from the

"exchange of commodities at equal value" in external cooperation. It is in fact internal exchange of equal amounts of labor by simulated exchange of commodities. Moreover, to correctly work out internal prices, it is necessary to vigorously step up basic work in enterprise management, such as standards, quotas, and statistics, and promptly revise them in light of the development and changes in the subjective and objective conditions. It takes a lot of effort to do this work well. However, it cannot only ensure the correct achievement and smooth progress of the exchange of equal amounts of labor in internal cooperation but also gradually improve and strengthen management through contract.

In addition to that, it is also necessary to set up banks in the plants, which act as clearing centers for the cooperation of production among various units in the plants and which exercise effective supervision over various economic activities. Naturally, an internal bank does not merely serve as a important supporting project for the institution of the internal contract system. It also has a more extensive role, such as stimulating the collection, sorting out, and feedback of information, providing bases for correctly analyzing economic activities and making operational decisions, stimulating the "double increase and double reduction" campaign, and so on.

We should also note that the various units in the plant, which serve as interests and power principals, cannot become independent commodity producers and operators as the plant does. Therefore, it is still insufficient to ensure effective, unified command in modern production by merely relying on the introduction of the principle of exchange of equal amounts of labor in internal cooperation. There should also be a scientific division of labor between the operational decisionmaking powers of an enterprise and its subordinate units so as to develop a rational decisionmaking pattern within the enterprise. Just as there should be a "proper point" in extending the enterprise decisionmaking power, there should also be a "proper point" in extending the decisionmaking powers of various units in the enterprise. This does not mean that the greater the decisionmaking power, the better. This "proper point" should be different in enterprises with different production characteristics. Take as an example the car, a product which is assembled from many parts and which has to be produced in large quantities and in a balanced way. Generally speaking, the independence of various units under the car plant is relatively smaller, their mutual relationships are relatively closer, and the enterprise centralized power should be greater; the centralized power of individual enterprises producing in small quantities should be smaller. Even in the same enterprise, the production independence of those workshops processing spare parts and components is relatively smaller and their decisionmaking power should be correspondingly smaller; the independence of forging and casting workshops is relatively greater and their decisionmaking power should be correspondingly greater. A rational decisionmaking pattern should be able to ensure unified command in production but it

should not lead to the progressive decrease of the contract effect as a result of over-centralization of decision-making power. The two actually form a relationship conditioning each other. The "proper point" in the division of decisionmaking powers is aimed at optimizing both of them through mutual condition.

Hainan Foreign Firms Can Remit Profits
HK0306145288 Beijing CEI Database in English
3 Jun 88

[China Economic Information (CEI) Database]

[Text] Hainan (CEI)—Foreign investors in Hainan can freely remit their foreign exchange including capital, interest income and profit overseas which can be exempted from income tax, according to a leading official of Hainan Province.

The official said that Hainan Investment Service Centre will set up a consultancy service company offering advices on law, finance, accounting, management, taxation, information, and analysis of investment opportunities, introduction of investment projects and cooperative partners and other services concerning investment for foreign investors in Hainan.

He said the products of foreign-funded enterprises in Hainan can be marketed in the island freely and some of them can also be marketed in the mainland.

RENMIN RIBAO Article Discusses Competition
HK2805054088 Beijing RENMIN RIBAO
in Chinese 16 May 88 p 5

[Article by Li Honglin (2621 3163 2651): "On Competition"]

[Text] Competition, which has always been viewed as a malpractice of capitalism, is now beginning to exert itself in socialist China.

It is no longer confined to the economic sphere. While there is commodity competition in the marketplace, competition between candidates has begun to enter conference rooms. Members of the 13th CPC Central Committee were elected through the method of differential election in which there were more candidates than actual posts, a method which involves competition. Of course, competition was introduced earlier in the enrollment work of students for institutions of higher learning. The system of "recommendation" was abolished in 1977 in favor of a enrollment system through examination. By "examination," we mean letting candidates for an entrance examination compete openly in examination rooms.

When it comes to competition, there can be winners and losers; prosperity and bankruptcy for enterprises; being elected and failing to be elected for candidates; employment and joblessness for workers; and being enrolled or

failing to be enrolled for candidates for an entrance examination. Are all these in line with socialist principles? Can socialism tolerate them?

No matter what people say about it or who approves it or not, competition has exerted itself in China. What does this herald? Socialism has gone so far as to ask competition for help. Is this progress or retrogression? In the final analysis, is it a socialist or capitalist reform?

How Was Free Competition Abolished? [subhead]

We should not view competition as the unique characteristic of capitalism just as we should not regard commodity production as something unique to capitalism.

When there is commodity production, there is competition. However, the commodity production in ancient times was underdeveloped and moreover, the feudal system rejected free competition. Only after capitalism triumphed over feudalism was free competition established as a system and a general standard for regulating social life.

The "Manifesto of the Communist Party" points out: "The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society." ("Selected Works of Marx and Engels," Vol 1, p 254) Competition is not the nature of the bourgeoisie and instead they are compelled to engage in competition by the highly developed commodity economy. Only when people constantly improve labor productivity and defeat their counterparts with cheaply-priced, attractive products in the marketplace can they survive, otherwise, they will be defeated by others. It is precisely this mechanism that enabled capitalism to advance by leaps and bounds with its production and to create enormous productive forces which surpassed the total sum of productive forces created in the past within a short span of time.

Competition upsets the situation of tranquility, enormously invigorating the society at large. Consequently, people with a risk-taking, opportunistic, and enterprising spirit have displayed their talents. Some have become rich merchants, factory owners, and bankers and, defeating their counterparts in the political arena, others have become outstanding politicians. Fatuous and conservative aristocrats who relied on hereditary privileges fell from power in the storms of competition. All in all, competition is inexorable but tremendously powerful. The newly arising bourgeoisie has created a new world for itself in the course of competition. This world advances rapidly amidst turbulence and confusion caused by competition. Everybody must fight for his survival and development. It is no longer enough to be "temperate, kind, courteous, and magnanimous." If you abide by the law and behave yourself, you will be pushed down by others. The only way out is to willingly take risks and courageously go all out to fight.

With history advancing at an accelerated pace, problems have cropped up one after another. One person's victory in competition is achieved at the expense of another's failure. Unemployment and enterprise bankruptcy are, in a sense, its bitter fruits. Under the capitalist system of exploitation, competition intensified social contradictions and periodical economic crises, often throwing the whole society into chaos. Later on, monopolies took shape on the basis of free competition. However, monopolies have intensified competition instead of eliminating it.

It was precisely to counter the malpractices of capitalism that the socialist theories and movements developed. What a socialist society looks like can only be envisaged from capitalism's antithesis. In the section on "Socialism" in his "Anti-Duhring," Engels drew a famous inference when he said:

"The seizure of the means of production by society eliminates commodity production and with it the domination of product over producer. The anarchy within social production is replaced by consciously planned organization. The struggle for individual existence comes to an end. It is only at this point that man finally separates in a certain sense from the animal kingdom and that he passes from animal conditions of existence to really human ones." ("Selected Works of Marx and Engels," Vol 3, p 323)

This is what scientific socialism conceives a socialist economic structure should be—a planned commodity economy based on public ownership—given the malpractices of capitalism.

Just as expected, "once" socialist revolutions won victories, there was not one of the builders of new societies who did not follow this principle: A centralized organ exercises leadership over the national economy through planning. After the October Revolution, Lenin described this structure in more explicit and succinct language. He said:

"The transformation of the whole of the state economic mechanism into a single huge machine, into an economic organism that will work in such a way as to enable hundreds of millions of people to be guided by a single plan—such was the enormous organizational problem that rested on our shoulders." ("Selected Works of Lenin," Vol 3, p 455)

What do these two remarks of Engels and Lenin actually mean? Of course, they are open to study. However, the contemporary socialist practice has shown that an excessively centralized structure does not work well. The structure has gone to extremes, under which everything is arranged by the higher authorities and enterprises and individuals are left little leeway for maneuver, let alone

free competition. Under such a structure, the higher authorities even decide the quantity of seeds to be sown in a mu of land and the exact distance between rice shoots.

A new social system can replace the old one, in the final analysis, because it has a higher labor productivity. However, since the socialist system was established, this has not so far been achieved. One important reason for this state of affairs is the lack of competition. The principle of competition is that only the best survive. With competition abolished, the best can hardly survive. Nor can the inferior be eliminated. There is neither a dynamic force nor pressure and everybody can easily and comfortably eat from "the same big pot." This being the case, how can we create a much higher productivity than in capitalist societies? Therefore, the abolition of competition will deprive enterprises and laborers of their vitality and lead to economic stagnation. This is a matter of life and death as far as the socialist system is concerned. True, socialist countries can afford to abolish competition domestically, but they can never afford to shun competition with capitalist countries, which objectively exist.

Distorted Competition Still Exists [subhead]

As a matter of fact, socialist countries cannot possibly eliminate competition completely, because they cannot eliminate one of the preconditions for competition—"the gruel is meager and the monks are many" as an idiom says. Here, "gruel" means in general what people are after. It may stand for wealth, or social status, or power, or honor. When one eats more than the average from a given amount of "gruel," it means others have less or eat nothing. So long as such a state of want exists, there is competition. This is something independent of man's will. The trouble is competition assumes different forms. The so-called abolition of competition merely refers to elimination of the normal channels of competition. When normal channels are eliminated, water will flow from other places. Take entering universities for example. Since the number of students to be enrolled (gruel) is limited but the number of students wanting to enter universities (monks) is large, there is bound to be competition. The normal channel of competition is examinations. After that channel was stopped, a "recommendation" was the way to enter universities. However, those who were lucky enough to have been "recommended" similarly constituted a small minority and competition was still unavoidable. The difference is that the arena of competition is shifted from examination rooms to certain cadres, because they have the power to "recommend."

In the economic field, the normal arena of competition is the marketplace. To survive and develop, enterprises must vie with one another in supplying better and

cheaper commodities to win consumers' favor. Customers are gods to both factories and shops. He who displeases the gods will perish. It is precisely this mechanism that promotes the constant improvement of labor productivity. When the arena is closed, the plans made by the higher authorities, in place of the market, determine the fate of enterprises. The plans define enterprises' production quotas, allocate raw materials and equipment, decide the size of their staff and capital construction quotas, and even earmark their working capital. Hence, competition is shifted from the marketplace to conference rooms, where plans are worked out. He who wins at the planning conference the lowest possible production quotas and gets the most "human, financial, and material resources" is certain to win the competition. Moreover, what decides all these is their higher-ups, that is, the leaders who have the real power to dispose of the "human, financial, and material resources." So, the gods of enterprises are no longer customers but officials at the higher level.

In the use of personnel, no matter whether it is done through election, examination, appointment or through a job invitation system, whenever aspirants (or those who have appropriate conditions) outnumber the posts or offices, there is competition of one kind or another. Under normal circumstances, the competition should proceed openly in an appropriate range (which is decided by conditions available) and by following fair and clear standards and procedures. The objective standards to decide winners and losers are the candidates' socially acknowledged work performance. This competition clearly shows: The success or failure of candidates depends on the will of the electors or on how well the candidates make the majority of people understand and trust them.

However, in the absence of a normal outlet, competition in the personnel field is morbidly distorted. As a result, the likes and dislikes of superiors are the only factor to decide the fate of the subordinates. Hence, the arena of competition is shifted from society to the superior. When the superior happens to be "wise and perceptive," everything is fine but when the superior is incompetent or a crook hotly pursuing his own selfish interest, toadies gain ascendancy and the honest who fall foul of their superiors go under. Under such circumstances, a small number of flatterers have their way for a while, with most people being expelled from the arena of competition and becoming silent spectators. In the final analysis, competition that hinges on the likes and dislikes of superiors can only be said to be morbid or distorted rather than normal.

Distorted competition is the product of objective conditions. It can be said that some people are compelled to participate in such competition because there are no normal channels to choose from. By pointing out the existence of competition, we mean that it is necessary to establish a normal competition mechanism instead of indiscriminately considering people who are involved in

competition undesirable. They are two entirely different things. For instance, we cannot say students who entered universities through "recommendation" are totally untalented people. The problem is that this method of "competition" stifles more real talent. The damage done by the distorted competition is far greater than the problems it solves.

Openly Acknowledge Competition and Guide It to a Correct Path [subhead]

Since a socialist society cannot eliminate competition and distorted competition presents an obstacle to social progress, the conclusion can only be: Openly acknowledge competition and guide it to a correct path. To put it another way, we should create conditions and conduct normal competition.

What is normal competition?

Normal competition has three characteristics or conditions. They are freedom, equality, and openness. Under the current conditions in our country, competitors should be encouraged to compete with one another freely and fairly and on an equal footing within the limits permitted by the Constitution, laws, and competition-related rules and regulations.

Historically, as a social mechanism, competition was the antithesis of feudalism and a factor in the disintegration of feudal society.

Feudal society growing from the soil of natural economy was distinctively closed, conservative, and stagnant. Stratified privileges and personal attachment made the society a pool of stagnant water. In the course of development, the commodity economy conflicted with the trammels of feudalism in all respects. The development of commodity economy calls for personal freedom and property freedom and emancipation from the yoke of feudalism so that people can be their own masters, carry out production and sell their products, compete with one another freely, and participate in free competition in both domestic and international markets. Therefore, the moment competition entered the world, it demanded freedom. Why is competition called free competition? This is because without freedom, there would be no competition.

Nevertheless, freedom is invariably conditional. There are rules for competition on sports grounds and rules and regulations for competition in the marketplace. And different social systems have their own standards for competition. Competitors should subject themselves to these rules and regulations and standards. Otherwise, they could be punished. Appropriate subjugation is precisely the condition for achieving free competition. If people are allowed to break the rules, this means allowing people to violate others' freedom. This way competition can hardly be carried out.

Competition also calls for equality. This is the characteristic vested by the commodity economy in competition. Commodities demand exchange at equal value and competition can only follow the principle of equality. Letting a soldier in full fighting gear run a race with an athlete in shorts and vest could not be more ridiculous because it runs counter to the principle of equality. Here the so-called equality in no way means the elimination of the difference between peoples' wealth and intelligence, which is obviously impossible. Free competition means that everyone should have an equal opportunity and be equal in the face of the rules governing competition. Just as is the case in racing: Every athlete is in the same type of sports outfit, entitled to stand at the same starting point, and to share the same rules of competition under which he can exploit his form to the fullest. Equality is all the more not egalitarianism. People vastly vary in congenital natural endowments and acquired education. It is to disclose and widen rather than to eliminate these differences that competition is introduced. It is very much like a race. Putting athletes on the same starting point is meant to decide who is the first, second, and so on, instead of letting them march abreast like soldiers in a martial parade.

Another condition necessary for competition is openness. The reason is very simple: Only through comparison can the winner of a competition be chosen. At least those engaged in the competition should have a trial of strength before the winner is chosen. Otherwise, people will be kept in total ignorance of everything they should know about the game. Moreover, competition and judgment are inseparable. The winner of a competition is decided by the judges (for example, commodities are chosen by the customers and candidates are elected by the voters). Without openness, how can a choice be made?

True, it is not necessary to conduct all kinds of competition with the same breadth of openness. For example, not all government officials should be chosen through elections and choosing government officials through elections involves the question of the extent of openness. Moreover, competition in some fields, such as the manufacture of new-type weapons or commodities, needs to be kept secret but this is confined to a certain period of time and a given limit. The marketability of commodities is decided in the marketplace and the soundness of weapons is decided in the battle ground. In principle, competition should be conducted openly.

Simply put, freedom, equality, and openness should be the necessary conditions of competition. This holds true for competition in both capitalist and socialist societies.

Of course, these three conditions are themselves not abstract. They cannot be separated from a certain social environment. In capitalist society where free competition is upheld as a principle, these conditions cannot be

materialized to the full, because in a society where money is all-powerful, the degree of freedom and the amount of money form a direct ratio.

In fact there is hardly a genuinely equal opportunity of competition between a poor man and a wealthy man. The tortuous mazes and inglorious means adopted to jockey for positions behind open competition are perhaps all the more a common occurrence. It is indeed not exaggerating to apply the oft-quoted phrase of "I win, you lose" to the competition under capitalism. In a socialist society, there are both competition and mutual aid and cooperation. Moreover, socialism can do better than capitalism in providing favorable conditions for promoting the sound development of competition, because a society which upholds the notion of "from each according to his ability" (everybody is encouraged to bring his ability into full play) can certainly create a social environment of greater freedom, equality, and openness so that competition can be conducted more soundly and it can better serve the development of productive forces and social progress.

Competition Is Challenging Traditions [subhead]

That competition has come to China amidst reforms is not accidental. The emergence of competition in China indicates that great changes have taken place in China's social life.

This great change will last at least for several decades, permeating the economic, political, cultural, and ideological fields.

China has never established any competition mechanism to regulate its economic and social life. Even in the semicolonial and semifeudal society in modern Chinese history that witnessed only foreign aggression and the rule of domestic landlords, war lords, and bureaucrats, not to mention ancient feudal societies, when was free and equal competition ever tolerated? Following the victory of the new democratic revolution, China immediately switched to the socialist revolution. However, the socialism we understood at that time was a highly centralized structure that completely rejected free competition.

As far as Chinese cultural traditions are concerned, although there was a "contention of a hundred schools of thought" in our history, it was only a unique phenomenon in ancient times. In fact, the Confucianists' "monolithic unity of everything" is the dominant aspect of China's cultural traditions. The "unity of everything" "respected" by this tradition is the "legitimacy" of the rigidly stratified patriarchal clan system, which was based on the self-constrained natural economy. According to the tradition, every person had a lifelong social position. Individuals were subordinated to their superiors and patriarchs ("the respected" and "parents").

There were no independent personalities to speak of. Under these circumstances, how could the concept of free competition be tolerated?

After the victory of the Chinese revolution, instead of transforming the natural economy into a commodity economy, China built socialism by excluding the commodity economy. Naturally, this old socialist structure disliked competition. Under the structure, everything was decided by the higher authorities. It is, therefore, not strange at all that, more often than not, the traditional "monolithic unity of everything" is linked with socialist centralized unity and even lumped together.

Of course, a highly centralized planned economy can also carry out large-scale construction and even operate very efficiently. But it achieves this only through administrative means and regimented methods as applied in armies. Despite its glaring accomplishments, this way of doing things can never give internal dynamism to the economy and so cannot create a higher labor productivity.

World history, modern and contemporary, has shown that without going through a developed commodity economy and without a competition mechanism serving as catalyst, no country can be expected to enter the door of a modern society. This is the road human society must follow and an impassable stage in social evolution.

Currently China is in this stage of development. As the commodity economy develops, free competition is bound to exert itself. This is a reality independent of man's will. As the old traditions over the last several thousand years and the new traditions that have taken shape in the last several decades have formed a powerful force of habit, China's socialist reforms are often mistaken for "taking the capitalist road." It can be envisaged that as the competition mechanism works, it will bring greater and greater pressure to bear on this force of habit.

One very practical problem is that competition is bound to widen differences. Similarly, risks are bound to follow competition. Bankrupt entrepreneurs and jobless workers will become a new element in China's population and this will bring new social problems.

A serious ideological problem has cropped up. The concepts or values which have always been viewed as "orthodox" are being challenged by competition mechanism.

For example, in employment, according to the traditional concept of values, job choices by individuals are opposed while unconditional acceptance of whatever jobs assigned is encouraged. Now, of course, we still encourage individuals to willingly subordinate themselves to the needs of society but the concept of competition demands greater choices on the question of employment. In other words, people are encouraged to choose jobs where they can bring their strong points into

full play by strengthening the advantages and minimizing the disadvantages. In reality, there have emerged talent markets in our society and reforms in the assignment work of university graduates have begun. If we stick to old concepts one-sidedly, naturally we cannot bear this new reality and will think that this will "bring chaos" and infringe upon the interests of society. In fact, choosing one's occupations in keeping with his distinguishing features does not mean antagonizing society, still less anarchy. The practice is merely to encourage people to give play to their strong points and better contribute to society. A socialist society must be a garden of a vast array of dazzling colors and a brilliant era of people of talent coming forth in large numbers. Is it not in compliance with the interests of society to encourage people to exploit their strong points and exert themselves for the modernization program in various aspects?

As the reform deepens, the practice of competition is bound to challenge more "orthodox" values and to encourage people to rethink some issues to which they are accustomed. This may possibly be the actual beginning of another mental emancipation. It can be anticipated that Marxism will radiate a new youthful vigor through the baptism of such mental emancipation.

Competition Is a Lever To Push Reforms Forward [subhead]

Here let us return to the questions raised at the beginning of this article. Will competition thrust China forward or pull it back? Does competition mean capitalist restoration?

Our answer is that competition is not the decisive factor in social development but one of mechanisms for regulating social life. It can really help drive China ahead toward the goal of socialist modernization. It in no way means backtracking, still less "capitalist restoration" because competition favors the development of society's productive forces, which is precisely the central task of socialism in our country at the present stage.

"Our goal is to let people become well-off together but competition widens differences." That is true. Competition is bound to have some negative results which are unavoidable. However, can we find a single case of reform without any defects in modern or ancient times, in China or elsewhere? Is there any historical progress devoid of shadows on earth? Is there any achievement made without paying a price? In approaching problems, we must start with the development of productive forces. The so-called "social fairness" can only be viewed from the viewpoint of the development of productive forces. If we deviate from the development of productive forces, put "social fairness" in the first place, and pursue a so-called policy of "restricting bourgeois rights," this in fact encourages egalitarianism though it sounds sweet. This harangue can only lead to "common poverty" rather than "common prosperity."

To really achieve common prosperity, we should, among other things, try whatever the means may be, black or white cats, to boost the total amount of social wealth, and this can be achieved only through competition. Competition will break up the ossified old structure, disrupt the old balance, and breathe new life into the national economy so that it can move ahead vigorously and rapidly in a way of "balance-unbalance-new balance." Competition makes some people rich first and widens differences. But it also stimulates the people trailing behind to catch up with the advanced and thus narrow the gap between them. The process of "widening and narrowing" is precisely the only way to achieve common prosperity. In the course of widening differences, many social problems are bound to crop up. There is no need to avoid mentioning this. But significant increases of social wealth would make their cure easier than "common poverty." If we use "common prosperity" as a yardstick to measure our real life in an abstract way and oppose widening differences, this in fact means putting people at the level of poverty and will thus cause a more serious social problem. The ultra-leftist policies pursued in the past years made the country very poor, tarnished the image of socialism, and brought crises to the country. All these remain fresh in people's memories. Past experience, if not forgotten, is a guide for the future. Is it not very clear which methods better suit the interests of society?

"Encouragement of competition can foment individualism." In China, "individualism" is viewed as the root of all evil. As a result, more often than not, those who have something to do with "individuality" will suffer disaster as individualism does. Particularly when it comes to freedom of person and emancipation of personality, society cannot not tolerate them. Historically, the liberation of individuality from personal attachment is a great progress in shaking off the yoke of feudalism. Without this historic progress, the development of commodity economy and democratic politics, the formation of competition mechanism, and the emergence of modern society would be out of the question.

Therefore, the view of worrying or fearing that competition will "foment individualism" is, I think, not Marxist. On no account does Marxism favor the views and conducts of benefiting oneself at the expense of others, seeking private gain at public expense, jeopardizing society, and viewing an individual as being most lofty. However, we should make a concrete analysis of "individuality" and issues relating to it and refrain from sticking the label of "ism" to anything that is "individual" and criticizing it. The history of the whole of mankind, from slavery to the liberation of all mankind, is a long process. The process of laborers gaining freedom of person and independence of personality is a great historical progress. Only in the process of this progress and only when people have really experienced this step can they more and more manage to form an alliance freely as equals and only this society can bring people's enthusiasm into full play and tremendously develop the

productive forces. Therefore, I think, Marxists will gladly approach the changes caused by competition in the Chinese society and welcome people's firm belief in self-value, mastery of their own fates, and the respect of their own personality, because only through this stage can an alliance of free men be formed. Have the disintegration of the people's communes, the rise of the household based contract system, and the emergence of new type associations—great changes that have taken place on China's soil over the last 10 years—not vividly demonstrated this truth?

In the 100 years or more since the Opium War, the Chinese people have been seeking a way to shake off poverty and humiliation. However, it was after the road of old democracy led them nowhere that they began to take the road of new democracy. Being correct in orientation, the road led them to the founding of New China. The question of what road to take after the founding of the New China to make the country prosperous and strong has not yet be settled. Everybody is ideologically clear that we cannot take the capitalist road but they are not quite so clear with regard to another point: The results of social evolution usually achieved by the human society at the capitalist stage are the only way for any country to attain modernization. These results, which should have been materials indispensable to the building of the edifice of socialism, were criticized indiscriminately as "being capitalist" without exception. Hence, there was "socialism with pauperism."

It was not until the 3d Plenary Session of the 11th CPC Central Committee that this problem was solved and a road to modernization commensurate with China's national condition was found. One important characteristic of the road is that social progress which is usually accomplished under capitalism has been achieved under socialism.

Acknowledgement and use of the competition mechanism is one content of China's reform and the reform has also created favorable conditions for competition. Any country which is moving from the old structure to a new one will find it difficult to avoid suffering of one kind or another and any competition will surely have a pounding effect. Especially in a big country like China which is very unfamiliar with competition, we should be very careful in applying competition so as to minimize its possible side effects as far as possible. However, we should not refuse to eat fish just because of its smell. The competition mechanism has its drawbacks but its advantages outweigh its disadvantages. We should be confident that socialism can better overcome these drawbacks and help competition develop more soundly. Therefore, there is no reason for us to be afraid of it. On the contrary, we should welcome it with outstretched hands and give it active guidance.

'Great Efforts' Made To Attract Foreign Investors
OW0506125288 Beijing XINHUA in English
0058 GMT 5 Jun 88

[Text] Beijing, June 5 (XINHUA) — Great efforts have been made by China to attract foreign investments since the country opened to the outside world in 1979, CHINA DAILY reported today.

Large amounts of funds have been invested to help develop infrastructure in the four special economic zones, 14 coastal cities, 12 economic and technical development areas, and major inland cities.

In special economic zones and major coastal cities, about 200,000 computer program-controlled telephone exchanges were installed and direct-dialing systems linking them with more than 40 countries and regions were established.

More and more new air routes were opened in the country. And more hotels and offices have been built to host foreign investors as well.

In the past nine years, a total of 60 economic laws have been implemented to protect the interests of foreign investors in the country, said the paper.

As a result, more than 10,000 joint ventures, cooperative projects and wholly foreign-owned enterprises have been established with most achieving good economic results.

Nevertheless, to attract more foreign investment into the country, greater efforts should be made to create an ideal investment environment, such as simplifying the formalities involving foreign-invested businesses and improving efficiency in cooperation, the paper added.

Agriculture Minister Optimistic About Growth
OW0306184888 Beijing XINHUA in English
0610 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA) — "Though facing difficulties, China's farming industry has great potential for future growth," said He Kang, China's minister of agriculture.

Addressing a crowd of Qinghua University students and faculty, the minister said, the total social output value from China's countryside hit 904.1 billion yuan (254 billion U.S. dollars) last year, or 12.7 percent more than in 1986.

"China's agricultural sector still has some problems," the minister said, adding cotton and grain growers are losing interest in farming because it is less profitable than other trades since the means of production have become more expensive.

Another problem is less investment in agriculture, both from the state and individual farmers, and this has made it hard for the industry to develop, he said.

"These problems have to be solved before we can see smooth and steady agricultural development," he said.

He, who is optimistic about the industry's future, said, "We have many resources which have not been fully tapped like at least 13 million hectares of wasteland to be reclaimed and millions of hectares of beaches, coastal areas, water surface, and grasslands which can be better utilized."

He also said two-thirds of China's arable land is classified low-yield and it would be possible for farmers to get more from this land if they improve farming techniques.

China plans to plant hybrid rice seeds on another million hectares and supply farmers with more fertilizer so China can increase this year's grain harvest by one million tons.

Agricultural Irrigation Techniques To Change
OW0306191088 Beijing XINHUA in English
0024 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA) — Agricultural irrigation in China is being revolutionized in a bid to ease the worsening water shortages, "CHINA DAILY" today quoted a water conservancy expert as saying.

Canal irrigation is being replaced by pipelines to save water and land area, Qu Xinye said at a celebration marking the 30th anniversary of the Academy of Water Conservancy and Hydroelectric power.

He said more than two million hectares of farmland in 15 northern provinces have been irrigated by pipelines so far. In the near future, pipelines will be installed on 13.3 million hectares.

In the 1950s, the country began digging ditches for river water irrigation. This led to a rise in the ground water level, causing salinization of the soil. So in the 1960s, river water irrigation was replaced by wells.

The excessive use of underground water, on top of the drought which began in 1980, has increased the severity of the water shortage, especially in northern China. As a result, economic growth in the area has been retarded.

According to Qu, China's present annual water supply is only 470 billion cubic meters, leaving 100 million people and 50 million head of livestock short of water. Eighty percent of the water is used for farm irrigation.

"About half of the water in rural irrigation is wasted because the water seeps through the canals and ditches," Qu said.

Qu, who is also head of the Academy's Water Conservancy Institute, said pipelines are more economical to use because of their sub-surface drainage.

The pipelines are buried 60 to 80 centimeters underground in order to prevent water seepage and evaporation.

School Dropout Rate Increasing in Rural Areas
OW0306133688 Beijing XINHUA in English
1342 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — School drop-outs are increasing in rural China, a national survey has shown.

The survey, conducted by the rural investigation team under the State Statistics Bureau, found that in Hubei Province in central China nearly 1.5 million students quit school last year.

It noted that the number of rural primary schools in the province in 1986 was down 10 percent from 1980.

The team found that only 71 percent of school-aged children in 2,940 households in south China's Guangdong Province were attending schools.

The survey showed that 575,000 children between the ages of 6 to [number indistinct] dropped out of school in northwest China's Shaanxi Province.

A total of 2,890 primary schools in the province had closed down between 1982 and 1986.

An official of the bureau attributed the decline to three major factors: —Increase in tuition. Each school pupil in the rural areas of Hubei Province paid an average of 38.5 yuan in tuition last year, 85 percent more than the previous year. —Encouragement by money-minded parents. In Liaoning Province, about 25 percent of the pupils dropped out to help their parents in family businesses or in the fields. —Shortage of teachers and schools and poor teaching quality.

East Region

Coastal Provinces Donate Educational Funds
OW0406023488 Beijing XINHUA in English
1458 GMT 03 Jun 88

[Text] Shanghai, June 3 (XINHUA) — Farmers and businessmen in China's coastal provinces are investing millions of yuan of their profits in China's most important resource — her children.

They are donating money for education.

The concept of "people's education should be run by people" has been instilled in the minds of many peasant entrepreneurs, said Xue Zhengan, director of the Wenzhou City Educational Commission.

One does not have to look far for examples.

Four brothers in Shishi Town, Fujian Province, recently gave 100,000 yuan (27,000 U.S. dollars) to build a three-story building for the town's central primary school.

"A donation for education was the last wish of our father before he died and was the common desire of us all," said Cai Tiansheng, one of the brothers who have made a fortune through the reform and open policies by opening shops and factories.

In the town, 41 peasant entrepreneurs have each donated at least 10,000 yuan (2,700 U.S. dollars) to schools.

On the outskirts of Fuzhou, capital of Fujian, farmers raised 16 million yuan (4.3 million U.S. dollars) for education last year — more than one-third of the state allocation.

Funds raised by farmers for education in Shanghai have totalled 29 million [words indistinct] eight million U.S. dollars) over the past five years.

The 900-household Xiakou village in Ganyu County on the outskirts of Lianyungang City, Jiangsu Province has set an example of how peasants can develop a school system on their own.

They built a middle school and rebuilt the primary school with a total outlay of 280,000 yuan (76,000 U.S. dollars).

Now all the 640 children of school age in the village go to school.

"To educate the younger generation is the most important goal for the peasants who have been well off," said Tian Shixiang, 34, one of the well off.

By boosting its commodity economy, the village increased its industrial and agricultural output from 1.67 million yuan (450,000 U.S. dollars) in 1983 to 21.38 million yuan (5.8 million U.S. dollars). Last year per capita income shot up from 81 yuan to 840 yuan.

Donations have built 16 primary and middle schools in Ganyu County over the past few years.

They have funded an aquatic products vocational school of Lianyungang City.

[Words indistinct] Town, which was built by peasants in Cangnan County, Zhejiang Province, on a waste sea beach, there are 13 kindergartens and nurseries, three primary schools and one middle school.

Anhui Postpones Huangshan City Congress Meeting
OW0406141188 Hefei ANHUI RIBAO in Chinese
1 May 88 p 1

[Text] Resolution of the Provincial People's Congress Standing Committee on Approving Dismissal of the First Session of the First Huangshan City People's Congress

(Adopted by the Third Session of the Standing Committee of the Seventh Anhui Provincial People's Congress on 30 April 1988)

Due to the fact that preparations for the First Session of the First Huangshan City People's Congress have not yet been completed, the Standing Committee approves that the session be put off until the end of July.

Wang Zhaoguo at Fujian Price Adjustment Meeting
OW0406140288 Fuzhou Fujian Provincial Service
in Mandarin 1000 GMT 31 May 88

[Text] With the approval of the State Council, prices of grain and edible oil in Fujian will be adjusted beginning 1 June while appropriate allowance be given to workers and staff members to compensate for the price adjustment.

The provincial government called a meeting this morning, attended by prefectural commissioners and city mayors, especially to work out arrangements for the price adjustment. Governor Wang Zhaoguo and Vice Governor Cai Ninglin made important speeches at the meeting. Comrade Zhang Hua, head of the provincial leading group on the pricing reform of major foodstuffs, explained the plan for adjusting grain and oil prices.

The meeting pointed out: Gratifying results have been achieved in carrying out the plan on pricing reform for five kinds of nonstaple foodstuffs since it was adopted at the beginning of May, thanks to the conscientious efforts and meticulous arrangements by local governments at all levels and all departments concerned. The market

thrives and prices are stable. The masses of people understand and support the reform. Social stability prevails in all rural and urban areas, and public order is relatively good.

The meeting pointed out: Disparity between the price and value of some major commodities has been a long-standing problem in Fujian's economic development, and this is detrimental to the development of commodity economy. Irrational grain and oil prices have dampened the enthusiasm of peasants to grow grain and oil-bearing crops. The current grain and oil price adjustment is a principal component of Fujian's pricing reform and an important step in the comprehensive experiment of reform and opening. The significance of this plan goes beyond the adjustment of the prices of major nonstaple foodstuffs as it will help increase grain output, fulfill the contract on grain purchase, guide the consumers to conserve grain, improve the economy, and make the market prosperous.

The meeting stressed: In carrying out reform, we have to pass through a few barriers, of which the pricing reform is the principal one. Governments at all levels, all departments concerned, and the large number of cadres must increase their awareness of the risks in boldly and prudently advancing price reform to accelerate the comprehensive experiment of the reform and opening.

The meeting urged principal leaders of governments at all levels to personally attend to the grain and oil price adjustment, establish a responsibility system at each level, and earnestly carry out the plan to ensure its success. Offices and institutions at all levels should carry out effective ideological work among the masses to enable them to understand and support the reform. It is also necessary to ensure grain and oil supply in rural and urban areas, and make sure that workers and staff members receive an allowance to compensate for the price adjustment. It is also necessary to pay keen attention to grain production, strengthen market supervision of prices, and check unauthorized price hikes.

Fujian To Invite Outside Investment in Transport
HK0306144288 Beijing CEI Database in English
3 Jun 88

[China Economic Information (CEI) Database]

[Text] Fuzhou (CEI)—Quanzhou City of Fujian Province plans to draw foreign fund to establish a transport fleet for both passenger and cargo.

The local government is going to invest 25 million yuan (including 3 million U.S. dollars drawn from foreign businessmen) to buy a 5000-ton luxury passenger ship with 500 beds, a 5000-DWT cargo ship and to build two cargo ships of 1000-DWT. The fund will be collected in the way of joint investment, participating in shares, leasing or loan.

Quanzhou is an open city in Fujian Province. It is estimated that there are 250,000 to 300,000 tourists coming to Quanzhou from Hong Kong and Macao each year. Last year, the export and import of major goods totalled 3.35 million tons. The foreseeable sources goods include 10,000 tons of stones for export, 100,000 cubic meters of rattan work, 100,000 cubic meters of shoes, 10,000 cubic meters of canvas bags and 10,000 cubic meters of tea.

Fujian Scientists Turn to Entrepreneurship
OW0406035088 Beijing XINHUA in English
1450 GMT 03 Jun 88

[Text] Fuzhou, June 3 (XINHUA) — Nearly 200 scientists and technicians here in this capital of southeast China's Fujian Province have quit secure jobs with state-run units to start ventures of their own.

And, despite the risks, none appears to regret the decision.

Ding Yidian, a 50-year-old chemical engineer, is typical of this new breed of entrepreneur.

He spent 30 years as a researcher with the city's Chemical Bureau before starting, four years ago, with three colleagues the Fuzhou Development Firm for Chemical Technology.

"It was not until I had my own firm that I began to feel I could develop my abilities to the full," he said.

His firm has carried out seven contracts on technical services in the last three years, which help boost the enterprises' profits by 400,000 yuan annually.

Ding has also organized dozens of engineers and technicians in the city in offering technical service outside Fuzhou.

"I don't like to live without risk," he said. "I think a sense of risk can lead me to greater achievements."

Three years ago there was only one individually operated research institute in the city. Today there are 14.

Some have achieved international success. A biological engineering corporation started by Yang Zhenhua, an associate professor at the Fujian Agricultural College, won the Eureka Gold Medal at last year's Brussels World Invention Fair for its product, a super nutritious water.

Yang herself received a first-class Knight Order of Merit from the king of Belgium.

She said she started her own business because she "hated official administrative interference from her superiors."

An official from the city government agreed the independent operations are more flexible and efficient largely because there is more of a sense of risk and pressure.

The city has encouraged the companies by providing preferential treatment in taxes and loans. It also has set up an annual award to recognize outstanding accomplishments.

Xiamen Zone Develops Export-Oriented Economy
OW0406151788 Beijing XINHUA in English
0603 GMT 4 Jun 88

[Text] Fuzhou, June 4 (XINHUA) — After seven years of infrastructure construction, Xiamen, one of China's four special economic zones, is making a big push to boost the city's export-oriented economy, Xiamen's Mayor Zhou Erjun said today.

The city's total industrial output value in the first four months of this year went up 50.21 percent over the same period last year and logged a net increase of 433 million yuan (117 million U.S. dollars). The output value included 490 million yuan (132.4 million U.S. dollars) generated by foreign-funded enterprises, or 37.8 percent of the city's overall industrial output value and an increase of 170 percent over the same 1987 period.

During the first four months of this year, Xiamen approved 53 foreign-funded projects, or 279 percent more than during the same period last year. These projects are worth 65.34 million U.S. dollars, of which 27.52 million U.S. dollars is foreign investment.

According to Zhou, the city exported 163 million U.S. dollars worth of goods during this year's first quarter, which is up 155 percent up over the same 1987 period, and sealed 128 contracts on the processing and assembly of supplied materials and samples and compensation trade, which is an increase of 430 percent over the same period last year.

Zhou said the city government has decided to set up an administrative line to separate the special economic zone and the city, which will facilitate movement of people and cargo in the zone and promote fund circulation.

With the help of Xiamen University and other institutions of higher learning, the city government wants to set up a district specifically for hi-tech scientific projects.

According to Zhou, the Xiamen Special Economic Zone has set up 20 enterprises abroad, with the number expected to increase to at least 50 by 1990. The zone is also training hundreds of foreign trade workers.

According to the mayor, as of the end of last year, Xiamen had set up about 20 enterprises funded by Taiwan business people, and had approved another 34 of this type of enterprises during the first five months of this year. The city government also plans to designate a zone specifically to cater to the needs of business people from Taiwan.

To open even more to the outside world, the Xiamen Special Economic Zone has decided to invest an additional two billion yuan (541 million U.S. dollars) in infrastructure construction and training during the next few years, the mayor said.

New Technology Displayed at Jiangsu Conference
OW0506154588 Beijing XINHUA in English
1337 GMT 5 Jun 88

[Text] Nanjing, June 5 (XINHUA) — Some of China's top feats in technology were shown off here at a recent meeting on the Chinese Academy of Sciences' research institutes.

They included a non-linear optical crystal of barium metaborate developed by the Fujian Material Structure Research Institute.

The crystal, deemed one of the top 10 new international laser high-tech products last year, has been ordered by firms in Japan, the United States and West European countries.

Another new material, bismuth germanate crystal, developed by the Shanghai Silicate Research Institute, is judged the largest in the world and has earned the institute eight million U.S. dollars in export sales.

Jiangxi Commentary Discusses Productive Forces
OW0406133688 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 21 May 88

[Weekly Forum: Commentary by station reporter Chen Naixin, entitled: "Primary Task of Socialism Is To Develop Productive Forces"]

[Excerpts] The Comrade Deng Xiaoping's series of remarks on the development of productive forces have taught us explicitly that in promoting socialism, we must develop the productive forces. The primary task for the initial stage of socialism is to develop the productive forces. To understand this task is of great theoretical and practical significance in following correctly the line which has been in force since the 3d Plenary Session of the 11th CPC Central Committee, in implementing the guideline laid down by the 13th National CPC Congress, in emphasizing the central task of economic development and the two basic points, namely, adherence to the four cardinal principles and implementation of reform and the open policy, in exploring our way out and changing our outmoded concepts and in quickening our pace in reform, in promoting the commodity economy in a planned way and in using the growth of the productive forces as a criterion to measure everything. To develop the productive forces constitutes the primary task of socialism. This is Comrade Deng Xiaoping's steady concept.

As early as April 1983, Comrade Deng Xiaoping pointed out: In a socialist country, a genuinely Marxist ruling party must devote itself to developing the productive forces, and with this as the foundation, raise gradually the people's living standards. In June 1984, he again pointed out: Marxism attaches utmost importance to developing the productive forces. The fundamental task for the socialist stage is to develop the productive forces. The superiority of the socialist system is demonstrated by faster and greater development of the productive forces than under the capitalist system. In April 1985, he pointed out: The fundamental principle of Marxism is that the productive forces must be developed. The primary task in the socialist period is to develop the productive forces and gradually improve people's material and cultural life. [passage omitted] These remarks made by Deng Xiaoping form the core of the concept which we must follow in building socialism with Chinese characteristics.

Our experiences in the past 40 years have helped us realize that the victory of the revolution and the establishment of the socialist system have effectively emancipated the productive forces. However, as compared with old China, the first 7 to 8 years after the founding of New China had witnessed fairly rapid developments in China's productive forces. During that period, people truly realized that only socialism could save China. However, due to its "leftist" errors in its guiding ideology during the 20 years after 1957, our party had, on the one hand, ignored China's backwardness and poverty and the low level of its productive forces; and advocated that the people's communes must be large in size and collective in nature and with a higher degree of public ownership. It also advocated a transition to higher stages of collectivization, carried out many nonsocialist practices which hindered the development of the productive forces, and hoped that the Great Leap Forward would lead to communism. On the other hand, it also grasped the class struggle as the key link, and advocated the use of the "theory of productive forces" to "chop off the tail of capitalism." As a result, the productive forces were greatly damaged, the economy was weakened, and the people's living standards were lowered. It was not until the 3d Plenary Session of the 11th CPC Central Committee which had eliminated chaos and restored order, did our party fully realize that socialism could not be achieved without developing the productive forces and improving the people's living standards.

In order to quicken the pace in developing the productive forces, the 3d Plenary Session of the 11th CPC Central Committee has worked out the policy of carrying out reform, opening to the outside world and invigorating the domestic economy. The 13th National CPC Congress had further emphasized the central task of economic development and the two basic points, namely adherence to the four cardinal principles and implementation of reform and the open policy, and regarded all this as the party's fundamental line in the initial stage of socialism. During the past decade,

reform has developed from the rural areas to the cities and from the sphere of production to the sphere of circulation. [passage omitted]

In order to accelerate and strengthen reform in all fields and to develop vigorously the productive forces, we must study earnestly the series of remarks on developing the productive forces made by Comrade Deng Xiaoping; carry out extensively education on the party's basic line; encourage debates on the growth of productive forces; and ensure that the cadres and the masses take the development of productive forces as their basic task and the criterion in measuring socialism.

Jinan Officials Attend Sports Games Opening
SK0606082488 Jinan Shandong Provincial Service in Mandarin 2200 GMT 5 June 88

[Excerpts] The opening ceremony of the 14th Shandong Provincial Sports Games was held ceremoniously in the provincial capital of Jinan on the afternoon of 5 June. [passage omitted]

Lu Maozeng, deputy secretary of the provincial party committee; Jiang Chunyun, deputy secretary of the provincial party committee and governor; Li Jiulong, commander of Jinan Military Region; Song Qingwei, political commissar of Jinan Military Region; Rao Shoukun and Chen Renhong, members of the Central Advisory Commission staying in Jinan; leading comrades of the provincial party committee, Advisory Commission, Discipline Inspection Commission, People's Congress Standing Committee, government, CPPCC Committee, and the Jinan Military Region, Jinan PLA Air Force, the provincial Military District, and Jinan City; and veteran comrades of the province attended the opening ceremony jubilantly. In all, over 50,000 viewers attended.

At 1600 the ceremony was declared open by Ji Mingtao, chairman of the provincial Physical Culture and Sports Commission. At that moment, more than 10,000 carrier pigeons flew to the blue sky. The whole audience was jubilant. [passage omitted]

After the band played the PRC national anthem, Jiang Chunyun gave an opening speech. On behalf of the provincial party committee and government, he extended warm congratulations to the successful convocation of the sports games. [passage omitted]

Shandong Trade Union Meeting Held 1 Jun
SK0506101788 Jinan Shandong Provincial Service in Mandarin 2200 GMT 3 Jun 88

[Excerpts] The Shandong provincial meeting of trade union representatives and the sixth plenary meeting of the eighth provincial Trade Union Council convened in Jinan on 1 June.

The meetings participants accepted unanimously Comrade Gong Yunpan's request to resign from his post as director of the provincial Trade Union Council; elected Yang Xingju, member of the Standing Committee of the provincial party committee and secretary of the leading party group of the provincial Trade Union Council, chairman of the provincial Trade Union Council; and elected Ni Zhifu, Yang Xingfu, and 66 other comrades representatives to the 11th national trade union congress.

At the plenary meeting held on the morning of 3 June, Comrade Yang Xingfu made a speech and put forward specific demands on provincial trade union work in the second half of this year. [passage omitted]

He pointed out: We should focus trade union work on the grass-roots units in order to give full play to the role of trade unions at the grass-roots level in carrying out reform and construction projects. It is forbidden to merge trade union organizations with other departments without authorization, change the administrative units to which trade union organizations belong, or abolish the autonomy of trade unions in using their appropriations. Efforts should be made to solve conscientiously the problem of infringing upon the interests of workers and staff members under the excuse of carrying out reform. [passage omitted]

Shandong City Gives Foreign Firms More Autonomy
OW0406064188 Beijing XINHUA in English
1103 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA) — Qingdao port in Shandong Province has worked out regulations which offer the city's foreign-funded enterprises full autonomy in personnel management.

Under the new regulations, personnel policies are to be decided by the board of directors of each foreign-funded enterprise, today's overseas edition of the "PEOPLE'S DAILY" reported, adding enterprises have the power to freely recruit employees at any time and recruit skilled workers from other cities if they can't be found in Qingdao.

Foreign-funded enterprises also have the right to try out workers during a probationary period, offer training to unqualified workers, terminate contracts, award and punish employees, and fire workers who violate discipline.

According to the paper, the regulations guarantee those individuals employed by foreign-funded enterprises unemployment insurance and other social benefits.

Shanghai Firm Fires Bu Xinsheng
OW0406212488 Beijing XINHUA in English
1402 GMT 4 Jun 88

[Text] Shanghai, June 4 (XINHUA) — Bu Xinsheng's rollercoaster ride to fame and fortune has taken another downturn.

The former model reformer who had been fired from one position only to be taken on at another earlier this year is once again out of a job.

Bu was sacked on January 15 as director of the Haiyan Shirt Factory, in Haiyan County, Zhejiang Province, for arrogance and management mistakes.

But a month later the Shanghai Shenjia Company offered him a position, in the hope, said company General Manager Pu Kangbo, that Bu would have learned a lesson from his failure.

Bu was made deputy general manager of the company and general manager of a commercial firm set up in his own name.

However, after four months Bu hasn't lived up to expectations.

Bu showed only interest in his own private "business."

Worse, he held a sales exhibition on jacket garments with a company in Shenyang, Liaoning Province, and put the money he earned into other accounts without letting the parent company know.

This week the Shanghai company decided to let Bu go.

Shanghai Emphasizes Education, Training
OW0406211688 Beijing XINHUA in English
1406 GMT 4 Jun 88

[Text] Shanghai, June 4 (XINHUA) — Education and training are being emphasized more among workers in foreign-funded enterprises in the Shanghai Economic Zone.

And the results have paid off in higher production levels and greater profits.

There are now more than 1,000 foreign-funded enterprises in the zone which stretches about 1,200 km from Lianyungang in the north to the Xiamen Special Economic Zone in the south.

Various methods are being used to upgrade employee skills. Ideological work is conducted, factory newspapers published, and technical contents are held.

"Raising the overall quality of workers is important to the good performance of joint ventures," said Zhu Wenjiang, the Chinese general manager of the Great Wall-Seiko Co. Ltd., a Sino-Japanese joint venture.

Education to raise the workers' sense of responsibility has been fundamental from the start, Zhu said, adding that this plus technical training has ensured greater efficiency.

The Company, which produces steel tapes, now ranks tops in its field in China in product quality, profits and productivity.

Joint ventures in tourism and electronics industry in Xiamen have organized foreign languages and technical training classes at least two nights each month. More than 80 percent of the employees have obtained senior high school and university education through the training program.

The efforts have paid off. Last year, the 187 foreign-invested enterprises in Xiamen produced more than 900 million yuan worth of goods. The output was double that of the previous year.

Shanghai Reports Record Industrial Output
OW0306224988 Beijing XINHUA in English
1345 GMT 3 Jun 88

[Text] Shanghai, June 3 (XINHUA) — Shanghai, China's leading industrial center, scored a total industrial output value of 9.117 billion yuan in May.

According to the municipal Statistics Bureau, the figure was 8.5 percent more than that of the same period of last year, and it was the first time that the city got a monthly industrial output value of over nine billion yuan.

In the January-May period, the city's industrial output value totaled 41.95 billion yuan, 5.8 percent more than last year's corresponding period. The growth rate is expected to reach 6 percent in the first half of the year.

The bureau attributed the increases to a change for the better in the state-owned industrial enterprises, the rapid growth of Sino-foreign joint ventures and collectively-run enterprises.

Shanghai Considers Law To Protect Elderly
OW0306172288 Beijing XINHUA in English
1234 GMT 2 Jun 88

[Text] Shanghai, June 2 (XINHUA) — "Elderly" Shanghai is aiming to beef up legal protections for its elderly citizens.

A draft decree is now before the city's People's Congress Standing Committee, Deputy Mayor Xie Lijuan said today.

Speaking at a current session of the committee, Xie said it is not uncommon for the elderly's rights to be encroached in Shanghai.

There are cases of children mistreating their aged parents and interfering with rights such as their legal right to remarry.

However, she said, few have been punished because there has been no specific regulation covering such cases.

There are 1.65 million people over the age of 60 in Shanghai, 13.4 percent of the city's population.

According to United Nations standards, a city is deemed an "elderly city" when the elderly make up more than 10 percent of the population.

Shanghai Drafts Measures To Curb Price Hikes
OW0306090388 Beijing XINHUA in English
0814 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — Shanghai's Price Supervisory Department confiscated illicit income and collected fines totalling 100,000 yuan from local shops in April.

In a price check on 97,000 products in 11,700 vegetable shops, stores and farm produce free markets, prices on 7,400 products were found higher than the mandated prices, the "ECONOMIC DAILY" reported today.

Some vegetable markets raised prices at will and gave customers short measures.

Forty-seven percent of the vegetables sold at the Jiangpu Vegetable Market in Yangpu District exceeded the price ceiling when the shop was surveyed on May 1, the paper reported.

A sundry goods shop in Huangxing Street took advantage of a price readjustment on "Daermei" brand detergent to boost the prices for all other detergents in the store.

A number of beverage and pastry shops sought exorbitant profits by cutting back on quality while at the same time raising prices. Using such a method, the gross profits of the Zhenan Pastry Shop were as high as 54 percent.

The net profits of 13 fruit shops in the city's Luwan District also surpassed the state fixed limits, said the paper.

The city government is drafting relevant measures to curb the problem.

Shanghai Urges Support for Collective Enterprises
OW0306052088 Shanghai City Service in Mandarin
2200 GMT 21 May 88

[Newsletter by station reporter (Zhang Liqun): "Some Urban Collective Enterprises in Our Municipality Are in Dire Need of Policy Support"]

[Text] The urban collective economy has developed fast in our municipality. It is playing an increasingly important role in Shanghai's economic and social construction.

Collective economy is now found among all trades in society. The number of collective commercial, food, and service enterprises alone now reaches over 25,700, which

is 1.9 times more than the number of their state-owned counterparts. Collective enterprises turn out more than 10 billion yuan of daily articles for both local and foreign markets.

Despite their importance, collective enterprises are facing some grim problems affecting their survival and development. Most of the urban collective enterprises have developed from neighborhood production groups, and their production conditions are relatively inferior. Although some progress has been made in recent years, a considerable number of these enterprises still remain at a low level. They lack the competitive power needed in the planned commodity economy system.

Some of the preferential treatment enjoyed by enterprises owned by the whole people are not provided to them by policy. But they are treated the same way as state-owned enterprises when it comes to paying tax. Some collective enterprises are assigned a number of retarded, handicapped, and mentally disordered people as part of their work force but they are not entitled to the same privileges given to welfare factories. Furthermore, they are charged various fees.

According to a survey made at the Hongkou household electric appliances company, of the 1,806 workers employed by the company, 1,908 are retired workers. Contributions to the nonstaple food base fund and for nonstaple food subsidies the company has to pay amount to an average of 428,000 yuan a year. In 1987, for instance, its profit was only 870,000 yuan. In 1987, of the 12 enterprises under this company, 2 reported a deficit. In the first quarter of this year, the number of its enterprises in the red increased to six.

The average monthly pay of its workers is a mere 68 yuan, and the per capita annual bonus 80 yuan. Three of the factories issued no bonuses for the whole year.

Production enthusiasm is low among workers. Some factories of this company produce spare parts for large state industrial enterprises. However, orders from these state factories have gradually dwindled to zero since the latter practiced the contract responsibility system because they now must consider what is best for their own interests. As a result, these collective factories are now finding themselves in quagmire, unable to find customers.

What should be done to overcome these problems? In the opinion of circles concerned, there should be some policy relaxation, such as by having income tax exempted, allowing them to retain a larger percentage of their foreign exchange earnings, and so on. We should make some preferential policies which apply to state enterprises and village and town enterprises also applicable to urban collective enterprises. With regard to

those enterprises which are making little profit or suffering deficits because they started out with poor foundations and poor conditions, we should help them implement and perfect a contracted responsibility system or start a leasing business. As for those enterprises which are basically not equipped for production, we must take resolute action to have them merge with other enterprises, auction them off, and transform or reorganize them.

Shanghai Survey Reveals 'Most Desired' Jobs
OW0406121888 Beijing XINHUA in English
0712 GMT 4 Jun 88

[Text] Shanghai, June 4 (XINHUA) — A recent survey revealed, drivers, hotel workers and doctors top the list of Shanghai resident's 23 most desired jobs.

Other sought-after positions include managers, scientists, policemen, sales people, artists, individual peddlars and technicians employed by foreign-funded firms.

The survey involved 1,339 individuals between the ages of 15 and 45, of which 82 percent had finished high school.

A driver was the number one choice, with nearly 19 percent selecting the job because of its pay, working conditions and flexibility.

About 20 percent of those surveyed said they wanted a good-paying job because they now live in a society characterized by a market economy.

Teachers, doctors, reporters and 10 other jobs were also listed as "desirable," even though the salaries for these jobs are lower than some others.

The 14 hard jobs with poor working conditions named by survey participants included street sweepers and household help, which were called "undesirable," and only one percent said they would be willing to fill these positions.

More than 80 percent of the people surveyed said they hope the country's reform will offer more job opportunities, and one middle-aged woman said: "More freedom in job selection would promote productivity and make workers more enthusiastic."

Shanghai Primary Schools Emphasize Fine Arts
OW0306204188 Beijing XINHUA in English
1431 GMT 3 Jun 88

[Text] Shanghai, June 3 (XINHUA) — Shanghai is boosting its arts programs in its primary school system.

One fifth of the city's 3,000 primary schools now offer special classes to teach children to play musical instruments, an official of the municipal Education Bureau said.

In addition, painting classes have been introduced.

At the Xinchanglu Primary School, which started the special music classes in 1985, most of the school's 1,000 students can play a musical instrument.

The school has four music classes a week. Many students voluntarily come early to school so they can practice.

A teacher said the music lessons have increased student concentration and performance in regular school work.

Ni Guyin, headmistress of a primary school attached to the Shanghai [words indistinct]. One teachers' training college teacher said she has noticed the same thing.

"Music and arts are positive and active factors in teaching," she said. "They will permeate other subjects, stimulate children's thinking, and make learning fun."

One teacher said music and art are often used to teach Chinese to first grade pupils.

Studies have shown that students who have music and art training generally outperform those who have not.

There are now 70 sparetime art schools in the city offering 1,400 courses. More than 800,000 people, mostly children between the ages of three and 14, have attended classes.

The city also has ten special art schools and colleges training 10,000 teachers in arts and music for primary and middle schools a year.

Zhejiang's Shen Zulun Attends Women's Forum
OW0406143788 Hangzhou ZHEJIANG RIBAO
in Chinese 25 May 88 p 1

[Excerpts] "Society needs women to take on the heavy responsibility of bringing up children, and the Women's Federation should help them solve their special problems." Delegates to the eighth provincial women's congress voiced this demand while attending a forum.

Provincial party and government leaders Shen Zulun, Chen Fawen, and Wang Yumin attended the forum and joined women delegates in their discussion. A number of delegates pointed out: The women's movement has developed with the strengthening of reform. At the same time, some new situations and problems have also arisen. Women workers' special interests in some localities have been infringed upon since enterprises were contracted or leased out. To achieve better economic results, some units have canceled the time allowed for them to breastfeed their babies or shortened their maternity leave. In organizing the labor force in an optimal way, some women have lost their jobs; they have to seek new employment. Young women are not welcomed by

recruiting units, college female graduates have difficulties getting jobs, and the percentage of women participating in government and political affairs has dropped. Delegates said that such problems merit close attention by society as a whole. [passage omitted]

Provincial party and government leaders at the forum spoke after listening to speeches by delegates. They said: With the strengthening of reform and further implementation of the policy of opening to the outside world, many new situations and problems have arisen in women's work. Party and government leaders must pay close attention to such problems and situations, and society as a whole should be concerned about the legitimate rights and interests of women and children. [passage omitted]

Provincial leading comrades hoped finally that those present should be realistic and set about solving practical problems. Now people in all trades and professions are carrying out economic construction as the central task. Then, how will the work in culture, education, public health, and the Women's Federation coordinate with this central task? There are many problems involved. This requires us to investigate and study problems and then think of a way to solve them. Only through the efforts of society as a whole will it be possible to give full play to women's role in life and to properly handle matters.

Chairwoman Liu Meiling and Vice Chairwomen Zhang Xieolin, Jiang Huanluo, and Li Lijuan of the provincial Women's Federation participated in the forum.

Zhejiang's Xue Ju Visits Agricultural School
OW0406142188 Hangzhou ZHEJIANG RIBAO
in Chinese 22 May 88 P 1

[Excerpts] To meet the needs of reform in the rural areas, the Jiaxing City Agricultural School has run courses on planting and sericulture on a trial basis. The school is not obliged to find job placements for the graduates of these courses. This year, it has opened another course on larger-scaled operations to train technicians directly for large grain-growing households. [passage omitted]

On 17 May, Xue Ju, secretary of the provincial party committee, went to the Jiaxing Agricultural School. After hearing a briefing on the educational reforms carried out by the school, he praised it by saying: "Your method is good. You are training talented people according to demand."

Central-South Region

Guangdong 'Rioters' Destroy Police Station
HK0606002488 Beijing CHINA DAILY in English
6 Jun 88 p 3

[Text] A handful of rioters in Jiayi Township near Guangzhou, abetted by some local villagers, smashed the police offices in the township last month, the YANG-CHENG EVENING NEWS reported last Saturday.

The paper said that at about 1 a.m. on May 21, the police from the Jiayi office, under the police bureau of Lusheng County, about 300 kilometres away from the city of Guangzhou, was chasing Li Huaife, a thief involved in a serious robbery case, in the Yuchi village of the township.

Li resisted arrest and disregarded warning gun shots from the police. The police then fired at him. Li died later in the hospital, the paper said.

At around 2:30 a.m., Li's father and his two brothers, after learning that Li had been shot dead, led more than 20 people to police headquarters where they were stopped by police.

At the instigation of Li's brother, Li Jiawen, Li's relatives and some fellow villagers, who didn't know the reality of the affair, took up iron forks, knives and wooden sticks and went to the police office at about 4:30 a.m..

Li's other brother, Li Huaichu, led a group who smashed open the gate of the police office and ran through the building's first and second floors.

They chased the police, broke desks and chairs as well as some communications facilities, including a TV set and a tape recorder, the paper said.

The rioters also broke the document cases and burned the archives. More than 200 bullets were stolen, four police motorcycles were set on fire and another four motorcycles were smashed by the ruffians, the paper reported.

Some police uniforms and articles were burned to ashes. Two previously detained people were also set free by the mob. Some people, taking advantage of the disturbance, stole some bankbooks, bicycles and some other articles owned by the police. The rioters did not disperse until about 6 in the morning, the paper said.

The looting and destruction resulted in damages of more than 190,000 yuan, the paper said.

At 10 o'clock, the body of Li was carried to the police office from the hospital by some of his relatives and they would not remove it until 6 the next morning, the paper said.

8 Arrested

HK0406024988 Guangzhou Guangdong Provincial Service in Mandarin 1030 GMT 3 Jun 88

[Text] Two more lawless elements, (Li Ou) and (Li Haiqin), who took part in the 21 May incident when a disturbance was caused, a public security organ was attacked, and there was beating, smashing, and looting, were caught at about 0300 this morning by the Lufeng County public security organs. These organs have now

caught a total of eight people involved in the disturbance. The county judicial and public security organs are now investigating the serious mass disturbance which occurred at Jiayi Township in Lufeng County.

Guangzhou Crime Control Offices Effective
OW0506082488 Beijing XINHUA in English
0757 GMT 5 Jun 88

[Text] Guangzhou, June 5 (XINHUA) — Crime control offices set up in Guangzhou City early this month to combat illegal activities are showing initial results.

In the first three days of this month, 77 cases involving crimes were reported to the offices, XINHUA learned today.

From June 1 on, these offices deal with reports on graft, bribery, smuggling, swindling, robbery, rape, bigamy, tax evasion, embezzlement of public funds and illegal income.

The 77 known cases came through personal reports, letters and phone calls.

The offices have worked out a system to maintain the confidentiality of those providing information.

The city, capital of Guangdong Province, is close to Shenzhen where similar organizations were also established.

Guangzhou PLA Leader Visits Guangxi Border Unit
HK0406031188 Nanning Guangxi Regional Service
in Mandarin 1030 GMT 3 Jun 88

[Excerpts] During the fragrant and flowery month of May, Zhang Zhongxian, Guangzhou Military Region political commissar, accompanied by Xiao Xuchu, Guangxi Military District commander, arrived travel-stained at a border defense unit in Guangxi to inspect and guide the work. He was given a warm welcome by the steel-helmeted soldiers on arrival at the unit at 0955 on 23 May. [passage omitted]

Every company he visited, Zhang Zhongxian inquired about the soldiers' daily life and expressed concern for their hardships. [passage omitted] In the kitchen, he urged the cooks to improve their technique and provide a greater variety of food, so that the fighters can enjoy ample and good meals. He asked about vegetable production, and ordered the cadres and fighters to grow more nutritious vegetables. [passage omitted]

While visiting a concealed location of a model company in border defense, Zhang Zhongxian discovered that soldiers' bedding was damp and ventilation was poor, with the result that some soldiers were suffering rheumatic arthritis. He urged the unit to set up immediately simple, well-ventilated quarters away from the concealed location, to ensure the soldiers' health. [passage omitted]

Guangzhou Officials Answer Questions on Prices
HK0506023788 Guangzhou Guangdong Provincial Service in Mandarin 1030 GMT 4 Jun 88

[Text] This morning, responsible persons of the Guangzhou City Industry and Commerce Bureau and Prices Bureau and the Propaganda Department of the city party committee held a dialogue with party, government, and propaganda cadres from the city's various counties, districts, large companies, and subordinate plants and mines, to answer questions on prices that are of concern to the masses.

Explaining the great significance of the latest price reforms, (Liang Zhiliang), director of the city Prices Bureau, pointed out that the price of grain is the lowest for all agricultural products. For a long time, we have depended on the peasants to maintain supplies by making contributions to the state. I think everyone will understand the readjustment in grain prices.

When someone asked whether the government has lost control over prices in view of the recent universal price hikes in Guangzhou, (Zhou Weiqiu), deputy director of the city Industry and Commerce Bureau, replied that some of the current price hikes are reasonable and others are not. Although there are problems in price control, we have not yet reached the stage of losing control.

Director (Liang Zhiliang) said: At present all the enterprises are facing difficulties and demanding to raise the sales prices for their products. We think that most of these demands are reasonable, but it is essential to take account of the endurance capacity of the state, the enterprises, and the masses. Price reforms must be carried out in a planned and measured way.

Shenzhen Creates White Collar Crime Center
OW0306083588 Beijing XINHUA in English 0818 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — More than 300 cases involving crimes committed by white-collar workers have been reported to a Shenzhen center established in March to combat illegal activities, according to today's "GUANGMING DAILY".

Set up on the basis of similar institutions in Hong Kong, the center deals with reports on graft, bribery, tax evasion, embezzlement of public funds, illegal income and concealment of bank savings in foreign territories.

The over 300 known cases came through personal reports, letters and phone calls made not only by local residents but also those from Hong Kong, the paper said.

The alleged criminals include department leaders in the Shenzhen Government, factory directors and managers, employees working in Hong Kong-based mainland firms and leaders of the Chinese side in joint ventures. There are also customs and tax officials.

Some of the reported graft and bribery cases involve alleged sums of more than one million yuan, and investigations are being conducted by the Shenzhen People's Procuratorate, the daily reported.

The [words indistinct] a system to maintain the confidentiality of those providing information as well as provide rewards in some cases.

In a related development, the government of Shenzhen has decided to require its government officials to publicly declare on a regular basis their income and property holdings.

They will be obliged to give a proper explanation if their private property exceeds their legitimate income by too large a margin and will be punished if they are found to have committed any wrongdoings.

Foreign-Funded Projects Increase in Shantou
OW0306091988 Beijing XINHUA in English 1219 GMT 2 Jun 88

[Text] Guangzhou, June 2 (XINHUA) — The Shantou Special Economic Zone in south China's Guangdong Province registered 30 percent more projects involving foreign funds last year than the previous year, a local official said today.

Li Huanran, deputy director of the Management Committee of the zone, said exports totalled 170 million U.S. dollars, up 138 percent over 1986.

Li said Shantou wants to speed up building its real estate, communication and transportation sectors.

Export goods produced in the zone include food, porcelain. Electronics, clothes, tools, leathers, clocks and watches.

Li, speaking in Shantou at a forum on developing special economic zones in the province, said Shantou is speeding up the expansion of its infrastructure and creating conditions needed for foreign-funded enterprises to operate there according to international practice.

Guangxi Meeting Stresses Land Occupation Tax
HK0506035788 Nanning Guangxi Regional Service in Mandarin 1030 GMT 4 Jun 88

[Excerpt] At the regional conference on land occupation tax, which concluded yesterday, regional government Vice Chairman Cheng Kejie stressed that every citizen must cherish the farmland. Guangxi's farmland area is declining each year. The phenomenon of excessive occupation of farmland is extremely serious. The imposition of a tax on land occupation by the state is precisely for the purpose of strengthening land management, controlling land occupation, exploiting land resources in a rational way, and ensuring the development of grain production. All prefectural, city, and county leaders

must attach great importance to this work and collect all the tax that should be collected. The tax payments must be spent on agricultural production.

In accordance with the relevant regulations of the State Council and the regional government, Guangxi decided to start levying a land occupation tax effective 1 April 1987. After preparatory work, collection of this tax commenced in October. However, judging by the present situation, quite a number of areas have not fulfilled their tax collection tasks, and some prefectures and counties have not even started collecting the tax. The meeting therefore held that this passive situation must be changed urgently.

The region's land occupation tax collection work this year is very arduous. To ensure the fulfillment of the task, the regional financial departments have decided to institute a contract method. This means that the cities and counties can retain all the tax collected in excess of the quota, and that they will also have to make up from their own financial resources any shortfalls in the tax payments to the state and the region. [passage omitted]

Hainan Officials Discuss Current Economic Tasks
*HK0606012988 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 5 Jun 88*

[Excerpts] A Hainan enlarged meeting of city party committee secretaries, which concluded yesterday, called on party-member cadres throughout the province to have a correct understanding of the island's conditions, analyze fully the current situation in bringing in investment from outside and cooperating with units in the interior, emancipate their minds, unify their understanding, unite as one, and work hard together to contribute to building Hainan Province into a large special zone. [passage omitted]

Xu Shijie, secretary of the Hainan Provincial CPC Work Committee, and Liang Xiang, deputy secretary, spoke at the meeting on 4 June. Comrade Liang Xiang said that since the provincial party committee and government hung up their signboards on 26 April, as a result of more than 1 month of hard work, the the provincial party work committee and government units have been established. Our future work focus should switch gradually from establishing the organizational structure to promoting economic construction and carrying out various tasks centered on developing the productive forces. At present we should focus on grasping the following tasks:

1. Put on a sounder basis and perfect the provincial government organs. Now that the government organs have been set up, the task in the next stage is to promote their organizational building and smooth out their internal work relationships. The new organs must have a new work style. [passage omitted]

2. Do a good job in building the great society and carry out in depth the economic and political reforms. In the process of establishing the provincial government organs, we abolished 12 specialized economic management departments and 7 administrative-style companies, thereby taking a big stride in political structural reform. The main task in the future is to change the functions and work methods of these organs. We must hand over the original political functions of these organs to corresponding government departments. These organs should set up a new system in accordance with the principles of market economy and the demands of modern scientific management, and do away with administrative-style structures and organizations.

3. Strive to improve the investment climate to greet the upsurge of large-scale construction. We must do a good job in infrastructural construction, and get a good grasp of formulating laws, regulations, and implementation methods regarding the attraction of capital from China and foreign countries. We should translate the regulations of the State Council's two documents into concrete form, improve tangibly the work style of the government organs, and strengthen our concept of service, of time, and of efficiency.

4. Get a good grasp of agricultural production and of supporting poor and minority-nationality areas. The county party committees and government must focus their work on agriculture, and all sectors and trades must support agriculture.

5. Get a good grasp of the key and backbone projects, so as to lay Hainan's industrial foundation.

6. Develop culture and education vigorously, and strengthen the building of spiritual civilization.

7. Care for the masses' livelihood and handle wage and price problems properly.

Comrade Xu Shijie stressed four points in ideological understanding and work style: 1) Have a correct understanding of the island's conditions. 2) Understand clearly the current situation in attracting investment from abroad and cooperating with units in the interior. 3) Bear the overall situation in mind, stress unity, and work hard to build Hainan. 4) Carry out work in a thoroughly down-to-earth way. [passage omitted]

Xu Shijie said that, since preparations for establishing Hainan Province began last September, great developments have been registered in attracting investment from abroad and cooperating with units in the interior, but progress has not been fast. Legislative work has to catch up with certain preferential policies, to enable people to trust the policies. We must have a good investment environment and a relatively high work efficiency, and improve our service attitude. Only thus will people be willing to invest.

In looking at the question of attracting investment from abroad and cooperating with units in the interior, we must realize that others are supporting us, we are not supporting them. We must ensure that those who come in can make a profit. People will not come unless we can attract them. [passage omitted]

The most important question facing us at present is to mobilize the cadres' enthusiasm and strengthen the building of the cadre force, so as to make our contributions toward building the province into a large special zone. [passage omitted]

Hainan Leaders Stress Nationalities Affairs
HK0506063488 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 1 Jun 88

[Text] Xu Shijie, Liang Xiang, (Liu Jianfeng), and (Wang Yuefeng), leading comrades from the Hainan provincial party work committee and people's government, yesterday afternoon met in the (Qiongyan) Guesthouse members of a fact-finding group led by Li Gui, vice chairman of the NPC Nationalities Committee, and Jiang Ping, adviser to the United Front Work Department under the CPC Central Committee. The group was organized by the United Front Work Department, the NPC Nationalities Committee, and the State Nationalities Affairs Commission.

During the meeting, the leading comrades listened to the group's report on nationalities affairs in Hainan Province.

The fact-finding group visited a number of counties and cities of Hainan Province including Baisha, Changjiang, Dongfang, Sanya, Lingshui, and Wanning from 14 May to the end of May to make investigations and studies regarding the autonomy and development of autonomous counties of minority nationalities following the establishment of Hainan Province.

In its report, the group put forward important suggestions in five aspects. First, to strengthen organs of minority nationalities. Second, to strengthen the management and use of special funds for helping the development of minority nationalities. Third, to strengthen the exercise of autonomy by autonomous counties and the preferential treatment enjoyed by autonomous counties. Fourth, to strengthen the training and use of cadres of minority nationalities. Fifth, to strengthen the development of education for minority nationalities.

According to leading comrades Xu Shijie, Liang Xiang, (Liu Jianfeng), and (Wang Yuefeng), the group's suggestions are very important and pertinent suggestions.

Comrade (Wang Yuefeng) said: To turn our newly established Hainan Province into a large special economic zone, we must ensure that nationalities affairs occupy a very important place. The success or failure in resolving Hainan Island's nationalities issues has an important

bearing on the whole island's stability and unity and affects the success or failure in fulfilling the great plan to build a special economic zone in Hainan.

Comrade Liang Xiang said: The current economic and cultural conditions in areas where Hainan minority nationalities live in compact communities are relatively backward. Therefore, the provincial party committee and people's government must strengthen leadership over the work concerning minority nationalities, and strengthen the work organs of minority nationalities. We must ensure the exercise of autonomy by autonomous counties and must also ensure that such counties can enjoy still greater preferential treatment. We must formulate a plan for promoting economic and cultural development in areas where Hainan minority nationalities live in compact communities. This plan must be integrated with the Hainan provincial strategy for economic development. We must develop educational undertakings in areas where minority nationalities live in compact communities, and attach importance to training and using cadres of minority nationalities. In short, under the new situation in which our newly established Hainan Province is engaged in building a large special economic zone, the provincial party work committee and people's government must exert themselves in bringing about still quicker and greater economic and cultural development in areas where Hainan minority nationalities live in compact communities.

Hainan Loosens Foreign Currency Restrictions
OW0406045388 Beijing XINHUA in English
0659 GMT 3 Jun 88

[Text] Haikou, June 3 (XINHUA) — Profits earned in foreign currency by foreigners investing in Hainan Province can be remitted to foreign countries without interference, and the government will not levy income tax on any money sent abroad, a provincial official announced today.

In Hainan, China's newest province and largest special economic zone, the provincial government will set up foreign currency centers and markets to help foreign investors solve financial problems.

According to the official, the provincial government will also set up an office which will provide information and consultation services to foreigners interested in investing on the island.

Products manufactured by Hainan's foreign-funded enterprises can be sold on the island while some can also be sold on the mainland, the official said.

Hainan Establishes Environmental Protection Area
OW0306130388 Beijing XINHUA in English
1506 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — Hainan Island Province in China's far south will be set up as a trial area for environmental protection, participants at an international seminar have suggested.

The suggestion was one of several made by the more than 50 specialists, scientists and bankers from 10 countries, who attended the seminar on China and the world in the nineties that wound up its four-day session here today.

And it is one that has already aroused great concern from the Chinese Government, said Ma Hong, director-general of the Research Centre for Economic, Technological and Social Development of the State Council of China and seminar sponsor.

He said he hoped international financial help could be made available as the "experience of such a trial area would be helpful to the whole world."

The seminar, the first of its kind ever sponsored by China, discussed topics mainly dealing with the influence of technological change on the world economic structure and order, visible decisive factors to world economic activities, and political and economic relations in the nineties.

Ma said the group made several suggestions on China's reforms and development plans for the nineties.

They included establishing a comprehensive system linking the development of science and technology with the social and economic development as a whole, thus enabling science and technology to infiltrate into all aspects of the development.

Another suggestion was to establish a flexible economic structure adaptable to the outside economic changes to guard against possible shocks brought on by fluctuations of the international interest rates.

The participants felt close attention should be paid to energy-saving measures, too.

Ma said the government's strategy to develop coastal economies was an important decision that will closely link China's economic development with that of the world.

He shared the view of seminar participants that no country is immune to influences of the world economy.

Therefore, he said, China's policies have to be highly adaptable and flexible.

Among the participants at the seminar were Anthony Barber, former chairman of the British Standard Chartered Bank, Kurt Furgler, former president of the Federal Council of Switzerland, Amos A. Jordan, vice-chairman and former president of the Washington-based Centre for Strategic and International Studies, John Mroz, president of the New York-based Institute for East-West Security Studies, General Olusegun Obasanjo, president of Nigeria [title as received], and Andries van Agt, former prime minister of the Netherlands and ambassador of the European Committee to Japan.

Hubei To Raise Grain Procurement Price
*HK0406022188 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 3 Jun 88*

[Excerpts] Summer grain and oil is about to come on the market. What changes are there in procurement policies this year? Vice Governor Han Hongshu announced at a provincial conference on summer grain procurement yesterday that the procurement price of wheat covered by the procurement contracts will be raised by 0.017 yuan per half-kilogram. Wheat not covered by the contracts will enjoy an assured price not less than 27.5 yuan per 50 kg in sales at negotiated prices. Adding up these two new prices together, the peasants throughout the province will be able to increase income by some 97 million yuan. [passage omitted]

There will also be an assured price of not less than 55 yuan per 50 kg of rapeseed sold at negotiated prices.

Governor Guo Zhenqian spoke on summer grain procurement work at the meeting. He stressed that the grain contracts constitute a mandatory state plan, and all localities must ensure their fulfillment. [passage omitted]

Hubei Capital Establishes Experimental Zone
*OW0406223588 Beijing XINHUA in English
1338 GMT 4 Jun 88*

[Text] Wuhan, June 4 (XINHUA) — The city government of Wuhan, capital of central China's Hubei Province, has designated an experimental zone for the development of private economy.

Covering an area of 2.56 square kilometers with Hanzheng Street at its center, the zone is meant for production and sales of small commodities, said a city official.

Hanzheng Street has witnessed a boom of markets for small commodities in the past ten years. By the end of 1987, there were over 2,000 individual businesses in the area, and the [words indistinct] volume amounted to 240 million yuan.

The official said the zone is set up to give full play to the market mechanism and readjust the ownership systems in the production and sales of small commodities, and the government will make experiments in carrying out the principle of "the state regulates the market while the market guides enterprises."

The city government will encourage individuals and households in the zone to start enterprises for small commodity production and sales.

State and collectively-owned enterprises in the zone will be contracted, leased or sold to individuals or groups, and joint ventures involving domestic and foreign investment will be encouraged, the official said.

Commenting on the experiments, economists said it is a good thing to promote the growth of private enterprises in the sector of small commodities since the state has found it hard to manage this sector, which has long been relying on state subsidies.

Hubei Sets Up Wuhan Transport Information Center
OW0506103788 Beijing XINHUA in English
0557 GMT 5 Jun 88

[Text] Beijing, June 5 (XINHUA) — China's first non-governmental transport information [words indistinct] up recently in Wuhan, capital of Central China's Hubei province, "WORKERS DAILY" reported today.

The act was aimed to curb the situation in which trucks are out on empty run, said the paper. [sentence as received]

According to a national survey conducted by the Ministry of Communications, 47.9 percent of the country's 1.6 million long-distance trucks make trips without load.

This alone costs the country 5.9 billion yuan in economic losses a year.

The situation was caused by lack of coordination between truck dispatchers and cargo owners and of scientific management system, the paper said.

The center was formed by more than 50 non-governmental transport information organizations in the country's 25 provinces and municipalities.

Hubei Power Plant Urges Night Power Consumption
HK0606024988 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 4 Jun 88

[Text] The phenomenon of sluicing water away at night to readjust peak output, caused by a big increase in power generation, has again appeared at the Gezhouba power plant during the flood season this year. The Central China Power Administration Bureau has called on all localities to take steps to readjust production and consume more power during off-peak periods during the flood season.

After the flood season started on the Changjiang in early May, there was a big increase in power output of the plant. To ensure the power grid's capacity to support this, the power plant has been continually sluicing water away at night so as to readjust peak output. On average, some 20,000 to 30,000 kilowatt hours of power have been unused during the peak flood periods, equivalent to the power generated by 1,000 tons of standard coal. The loss has thus been very great.

A responsible person of the Central China Power Administration Bureau said today that although there is still a power shortage in the central China grid, due to its

poor regulating capacity, there is no alternative to sluicing water away at night in order to readjust the peak output. Hence, while stepping up electric power construction, he appealed to four central China provinces including Hubei and Hunan to readjust their production in light of the special features of the central China power grid and use more power during the off-peak period after midnight. In particular, full use should be made of electric power during this period in high power-consuming industries such as chemical fertilizer and ferroalloys, which should use all their available equipment at such times.

The administrative bureau called on the localities to practice a preferential policy regarding pricing of electric power during these periods.

Southwest Region

Sichuan's Yang Rudai Views Social Science Tasks
HK0406040788 Chengdu Sichuan Provincial Service
in Mandarin 0000 GMT 4 Jun 88

[Excerpts] The Sichuan Provincial Academy of Social Science has achieved marked successes in various fields since its establishment 10 years ago. (Liu Maocai), president of the academy, said at a gathering held to mark the anniversary yesterday that during this period the academy has actively taken part in bringing order out of chaos on the ideological and theoretical front and corrected traditional theory that does not accord with socialist realities and established new theories. It has also taken part in setting up new academic topics, and answered many theoretical and practical problems in reforms, opening up, and development. [passage omitted]

Yang Rudai, Xu Chuan, Han Bangyan, and other provincial leaders spoke at the gathering. Comrade Yang Rudai expressed the hope that social science workers in Sichuan will serve the invigoration of the province under conditions of developing commodity economy, strengthen party building and the building of spiritual civilization under conditions of reforms and opening up, regulate and deal correctly with the relations between different economic interests and social contradictions, and thus give scope to their functions and role. They should carry out thorough investigation and study and produce theoretical summations regarding the state of the productive forces, the economic structure, the relations between different economic interests, the political structure, and the situation in ideology and culture. They should answer correctly the questions posed by current realities, and provide a firm theoretical foundation for reforms and construction.

He called on social science workers to keep in close touch with reality, listen to the calls of practice, carry out organized and planned research, uphold the productive forces criterion, emancipate their minds, and explore and create new things.

Sichuan Prohibits Officials From Running Firms
OW0306182288 Beijing XINHUA in English
0535 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA) — The Sichuan provincial government is prohibiting local government officials from running commercial firms, today's "PEOPLE'S DAILY" reported.

Recently, many government departments have started up their own businesses by calling the move a reform in the government personnel system.

In opposition, the provincial government has decided, government officials must resign from their current posts before going into business.

According to the new ruling, the firms must be clearly separated from official departments in personnel, finance and materials, and under no circumstances can officials use their government posts to operate commercial firms for personal gain.

The paper quoted the regulation as saying "government officials must be duty-bound to carry out their jobs wholeheartedly."

Sichuan's Chongqing City Promotes Reforms
HK0506011888 Chengdu Sichuan Provincial Service
in Mandarin 0000 GMT 3 Jun 88

[Excerpt] Chongqing city has made steady progress in economic structural reforms. The city has made outstanding progress in promoting enterprise contracting, enterprise merging, and business consortia. The city began promoting enterprise contracting in the second half of 1986. Now over 70 percent of the city's enterprises are engaged in enterprise contracting. Through enterprise contracting, the city has actively popularized the competitive mechanism and the method of deciding on operators through competitive-bidding systems. The city's contracting forms have become more flexible and varied. At the beginning, enterprise contracting term was only for 1 year. Now it has been extended to 3 or 4 years.

The city has also popularized among nearly 200 industrial and commercial enterprises the separation of taxes and profits and the after-tax contracted management responsibility system, thus bringing about an integrated reform of the enterprise management mechanism as well as the investment and tax systems. The State Commission for Restructuring Economic System has affirmed the achievements in this reform.

Due to the fact that among the city's enterprises, the competitive survival-of-the-fittest trend has become increasingly powerful, superior enterprises have a strong desire to achieve expansion, and inferior enterprises have lost the ability to save themselves and landed in a predicament. As a result, a situation in which big fish swallow up small fish has begun to emerge. The city's 57

powerful enterprises have merged a total of 65 old enterprises with fixed assets amounting to a total of 50 million yuan. The mergers were carried out in the following forms: One-off purchase, installment purchase, taking on old enterprises' debts, making up for old enterprises' losses, and readjusting the composition of old enterprises. Following the mergers, the key productive factors that had been unused for a long time in such old enterprises have been activated once again and are now full of life.

Chongqing City has 11 business consortia with a total registered capital exceeding 800 million yuan. [passage omitted]

Governor Praises City
HK0506034388 Chengdu Sichuan Provincial Service
in Mandarin 0000 GMT 5 Jun 88

[Excerpts] According to SICHUAN RIBAO, Governor Zhang Haoruo said when inspecting Chongqing City that the city has maintained good momentum in construction and reform. [passage omitted]

On 1 June, Zhang Haoruo listened to reports delivered by Xiao Yang, secretary of the city party committee and mayor, and other responsible comrades on industrial and agricultural production, economic structural reforms, urban construction, foreign trade, education, science and technology, and finances. [passage omitted]

Zhang Haoruo said: Chongqing City has achieved marked progress and made great contributions in all aspects of work in recent years. Chongqing should speed up reforms and development. With Chongqing being built into a large industrial base, the faster it develops, the greater impact it will have on economic development in the entire province. [passage omitted]

Mayor Reviews Progress
HK0406043188 Chengdu Sichuan Provincial Service
in Mandarin 0000 GMT 4 Jun 88

[Text] Chongqing City Mayor Xiao Yang pointed out at the 1st session of the 11th city People's Congress on 2 June that since instituting pilot projects in economic structural reform in February 1983, the city's reforms and construction have entered a new stage. The foundation for a new setup suited to the development of socialist commodity economy has started to take shape.

He said that in the past 5 years, both rural and enterprise reforms have deepened in the city gradually, while lateral economic ties have expanded continually, and reforms in the circulation field have widened continually. Reforms in varying degrees have also been carried out in planning, investment, prices, and finances. There has been relatively great development of a variety of economic forms.

Thanks to the gradual deepening of the reforms, the city's economic growth rate has exceeded that of the previous 5 years. The city's gross domestic product in 1987 was 13 billion yuan, while industrial and agricultural output value was 20.8 billion yuan, national income was 11.13 billion, and financial revenue was 1.91 billion yuan. These showed respective increases of 93.5 percent, 74 percent, 93.1 percent, and 66 percent over 1982.

Dalai Lama's Relatives Happy in Tibet
OW0606040088 Beijing XINHUA in English
1336 GMT 5 Jun 88

[Text] Lhasa, June 5 (XINHUA) — While the Dalai Lama lives in exile, many of his relatives are content at home.

His niece, Diqi, is a case in point.

Although she had some hard times during the Cultural Revolution, she is happy now.

"The current policy is what we wanted," said Diqi, 43, a member of the Doilungdeqen County People's Political Consultative Conference.

She is a widow and has four young children to raise but still she's content at her home in Saixin, the manor of the mother of the 14th Dalai, 50 km from the capital, Lhasa.

Eighteen households occupy the manor grounds.

Qoipei, 56, a former serf of the manor said the Dalai's mother was kind but the manager was mean and often beat the serfs who endured hard lives, no better than cattle today.

Qoipei's family of six have a five-room house and 0.74 hectares of farmland. They have five cows, one horse and 20 sheep.

The manor hamlet has built a small hydroelectric power station with a capacity of 20 kw, making oil lamps a thing of the past.

Their world has expanded in other ways, too.

"I have many relatives living abroad and I will certainly go to see them when I have enough money," said Diqi.

Yunnan Governor Views Government Tasks
HK0406015788 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 3 Jun 88

[Excerpts] The provincial government held a meeting of responsible persons of the provincial organs in the Kunming Lianyun Hotel yesterday. Governor He Zhiqiang presided. Vice Governors Bao Yongkang, Zhao Tingguang, Jin Renqing, and Chen Liying were present. The meeting read out and approved the trial work

procedure regulations for the provincial people's government. These include the powers of the provincial government, the responsibilities of the governor and vice governors, conference systems, strict procedures for handling documents, and so on. [passage omitted]

In a speech, Governor He Zhiqiang said that the duty of this government is to exert every effort to implement the tasks proposed in the government work report, to ensure the following major changes in the province's economic situation:

1. Develop the six major strong-point industries, and switch from a more or less single pillar of the economy to a group of pillars.
2. Do a good job of processing and increasing value, and switch gradually from the shipping out of raw materials, as is done now, to shipping out products.
3. Boost the province's economic strength and switch gradually from depending on state subsidies to standing on our own financial feet.
4. Reverse the current ecological deterioration and start to embark on a benign cycle.

The province must also strive for marked success in eight respects: 1) Speed up the pace of reform and initially establish the predominant status of the new economic setup. 2) Take effective steps to ensure that new levels are reached in grain production. 3) Improve economic returns and ensure steady and coordinated development of the national economy. 4) Truly place education, science, and technology in the primary position in the economic development strategy. 5) Further improve the comprehensive transport network embracing highways, railroads, civil aviation, and waterway shipping. 6) Get a good grasp of family planning. 7) Solve basically the food and clothing problems in poor areas. 8) Resolve seriously the problems of concern to the masses such as prices, social order, and work style of government organs.

He Zhiqiang said that, to achieve the tasks for the next 5 years, it is necessary to get a good grasp of the following points in the work of the government: 1) Further emancipate the mind. 2) Speed up reforms and opening up. 3) Study and formulate new policies. 4) Improve work style tangibly. 5) Implement fully the tasks proposed in the government work report. [passage omitted]

Yunnan Opens RENMIN RIBAO Reporters' Station
HK0406020788 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 3 Jun 88

[Text] The RENMIN RIBAO reporters' station in Yunnan was opened today officially. Qian Liren, member of the CPC Central Committee and publisher of RENMIN RIBAO, came to Kunming specially to preside at the opening ceremony. Yunnan Provincial CPC Committee Secretary Pu Chaozhu, Deputy Secretary and Governor

He Zhiqiang, and leading comrades of the party, government, Army, and various circles in Yunnan were present at a celebratory reception in the Kunming (Jinlong) Hotel.

RENMIN RIBAO had a reporters' station in Yunnan from 1952 to 1957. After that, the paper no longer had a station in the province. In the wake of developments in journalism and the requirements of the situation since the 3d Plenary Session of the 11th CPC Central Committee, RENMIN RIBAO has been reestablishing its reporters' stations in the provinces, municipalities, and autonomous regions since 1987.

North Region

University Students Protest Student's Killing
OW0406032888 Beijing XINHUA Domestic Service
in Chinese 1430 GMT 3 June 88

[By reporters Qiu Yongsheng and Zhang Baorui]

[Text] Beijing, 3 June (XINHUA)—The slaying of a graduate student at Beijing University by a group of gangsters early yesterday morning prompted hundreds of Beijing University students to gather in front of the Ministry of Public Security before dawn today, demanding that the murderers be punished severely. The Ministry of Public Security told the students that an investigation conducted through the night had led to the arrest of two gangsters. As of press time, three gangsters have been captured.

According to initial information, around 2000 on 1 June, Cai Qingfeng, a graduate student of geophysics at Beijing University, along with seven other students was having a dinner party in honor of one of them who was leaving Beijing. At about 2300, two of the students who went to a snack bar outside the university to buy wine were caught in a squabble with six young men dining there. Later on, outside the snack bar, this group of people beat up three of the students, among whom Cai Qingfeng was wounded critically. He was sent to the hospital and died in the afternoon of 2 June in spite of emergency treatment.

Shortly before dawn on 3 June, hundreds of Beijing University students assembled in front of the Ministry of Public Security, demanding that the killers be punished severely. Yu Lei, vice minister of public security, and Lu Yucheng, vice mayor of Beijing, held a dialogue with the students. They told the students that the Beijing Municipal Public Security Bureau was investigating the case actively, and it had already caught two of the killers and was stepping up the pursuit of the remaining culprits. Afterwards, the students left and returned to the university.

Officials of the Ministry of Public Security and Beijing city pointed out that in the capital of the great motherland, no reckless act of violence that endangers people's lives will be tolerated. The ministry and the municipality have instructed the municipal Public Security Bureau to

crack the case quickly and capture all the culprits in order to punish them severely and promptly in accordance with law so as to maintain public security and order in the capital, ensure the safety of people's lives, and guarantee normal order in production, order in work, and order in study.

Police Arrest 6

OW0306152888 Beijing XINHUA in English
1513 GMT 3 Jun 88

[Text] Beijing, June 3 (XINHUA) — Police here have captured six suspects in connection with the beating death of a Beijing University student.

Police said that the last three were captured early this evening in Tianjin to where they had fled. They will be brought back to Beijing tonight.

The other three were captured earlier.

The final arrest came 40 hours after Cai Qingfeng, a geophysics postgraduate, died from injuries he received in a fight Wednesday night just outside Beijing University campus.

Cai and six other fellow students were having a farewell dinner for one of their group when Cai and one other went to buy liquor at a snack bar outside the campus.

There they got into a brawl with six men.

Police said Cai was seriously wounded and two other students were injured.

Cai was rushed to a nearby hospital but died Thursday afternoon.

Official on Halting Beijing Construction Projects
OW0406135888 Beijing XINHUA Domestic Service
in Chinese 0622 GMT 1 Jun 88

[Excerpts] Beijing, 1 Jun (XINHUA) — After the announcement on a decision made by the Sixth Executive Meeting of the State Council to halt or put off the construction of 33 big buildings in Beijing, this reporter interviewed some people of various circles in the capital. They agreed that this was a resolute and correct decision that safeguards the nation's overall interests and reflects the people's eager aspirations. Many comrades said that the order on halting the construction of these projects must be enforced strictly. They also said that the spirit of this order should be demonstrated in other areas so that the work in curbing capital construction and promoting a frugal lifestyle could be further carried out.

Guo Ji, deputy director of the State Council's Government Offices Administration Bureau, told this reporter: The people have complained a lot about putting up so many big buildings in the last few years. The decision of the executive meeting of the State Council was a major

decision made by the new government. It meets the aspirations of the vast numbers of the masses. Of the 24 projects ordered to be suspended, 14 are of the central authorities. Organs of the State Council will take the lead in enforcing the decision, and faithfully carry out the order to stop construction work. [passage omitted]

Foreign Fund Helps Hebei Improve Farmland
OW0606044688 Beijing XINHUA in English
1425 GMT 5 Jun 88

[Text] Shijiazhuang, June 5 (XINHUA) — Agro-scientists in Hebei Province in north China are expecting a good harvest on the former saline-alkali farmland transformed with help from the International Agriculture Development Fund (IADF).

A scientist estimated that the output of 18,800 hectares improved saline-alkali farmland in Quzhou County in southeast Hebei Province will reach 3,000 kilograms per hectare this year.

Low-lying Quzhou County is known in history as a poor area. More than half of its farmland was saline.

To raise the output of farm crops, Quzhou City borrowed a loan of 34.94 million yuan from the IADF through the World Bank. With this and additional state and locally-raised investment of 71.37 million yuan, the county has purchased farm machines, imported technology and put in a large number of labor force to transform low-yield saline farmland.

While inviting agro-technicians to help draw overall transformation plans, the county mobilized peasants to level the land, dig channels and wells and lift underground water to wash the farmland, and promote scientific farming.

The past five years have seen the county build 869 bridges, dig 400-kilometer ditches, sink 1,240 pump wells, install 655-kilometer high-tension power transmission lines and plant 4,120 hectares of trees.

According to statistics provided by the county government, the county's grain output last year went up 84 percent over 1982, cotton up 500 percent and oil-bearing crops up 77 percent. The annual per capita income of peasants rose from 23 U.S. dollars five years ago to 97 U.S. dollars last year.

A county official is optimistic about repaying the loan on schedule, saying that the county government has already recovered an investment of 18 million yuan and "there is no problem to pay back the loan and interest in the year 2002 on contract."

According to the Hebei Provincial Agricultural Bureau, Quzhou County has set an example in absorbing investment to upgrade low-yield farmland for the whole province, and its success has been praised by a number of international organizations including the World Bank and the IADF.

Inner Mongolia People's Congress Reelects Leaders
OW0506151788 Beijing Xinhua Domestic Service
in Chinese 1613 GMT 4 Jun 88

[Text] Hohhot, 4 Jun (XINHUA) — At today's First Session of the Seventh People's Congress of the Inner Mongolia Autonomous Region, the 64-year-old Batubagen (Mongolian nationality) was reelected chairman of its Standing Committee. The 62-year-old Bu He (Mongolian nationality) was also reelected chairman of the Inner Mongolia autonomous regional people's government at the same session.

Inner Mongolia Elects CPPCC Officials
SK0506101288 Hohhot Inner Mongolia Regional
Service in Mandarin 2200 GMT 3 Jun 88

[Excerpt] On the afternoon of 3 June, the sixth meeting of the first session of the sixth regional CPPCC Committee elected new leaders of the regional CPPCC Committee.

Shi Shengrong was elected chairman of the regional CPPCC Committee.

At this meeting, members also elected by secret ballot 13 vice chairmen of the sixth regional CPPCC Committee, 1 secretary general, and 75 Standing Committee members. The 13 newly elected vice chairmen include Wu Ligeng, Han Ming, Li Shuyuan, Baoyanbatu, Yun Zhao-guang, (Wang Hongren), (Chen Jie), (Pu He), (Lan Jiantu), (Yun Shufen), (Ji Zhongyu), (Hu Lan), and (Zhang Jianshen). Ha Lun was elected secretary general of the regional CPPCC Committee. [passage omitted]

New Grain Distribution Policies for Shanxi
OW0306083688 Beijing XINHUA in English
0556 GMT 2 Jun 88

[Text] Beijing, June 2 (XINHUA) — The Shanxi provincial government has worked out new policies which are designed to better distribute grain to consumers, today's "ECONOMIC DAILY" reported.

In recent years, Shanxi's farming industry has been hit by various natural disasters which have made it difficult for the government to keep local residents supplied with grain.

The government has had to increase subsidies to residents from 180 million yuan (48.6 Million U.S. dollars) in 1981 to 500 million yuan (135 million U.S. dollars) in 1987 on the purchase price of grain to help keep prices stable and ease the grain shortage.

To solve the problem, the government has decided to keep state grain ration prices stable for individuals and other grain-consumers like bakeries, breweries, fodder-making mills, while allowing rural dwellers to buy extra grain at higher and negotiable prices, the paper explained, adding in the past, everyone got all their grain from the state at low prices.

The new policy also will require the province's city dwellers who want to buy grain in excess of the state ration to pay a higher price for the additional supplies.

Each year under the new policy the provincial government hopes to save at least 600,000 tons of grain to be used as rations for citizens, the paper said.

Fewer Children Born in Shanxi Rural Areas
OW0606023888 Beijing XINHUA in English
1421 GMT 5 Jun 88

[Text] Taiyuan, June 5 (XINHUA)—The birth rate of north China's Shanxi Province has been dropping during the past two years, XINHUA learned here today.

Statistics show in 1987 the number of children born in the rural areas decreased by 3,000 compared with 1986 which saw 10,000 less new births than in 1985.

The population increase rate in the province is 11.7 per thousand, lower than the average level of the country.

An official from the province's Family Planning Committee attributed the drop to the farmers' change of ideas about family planning.

He said more farmers have come to see that more children mean heavier burden.

Another reason, he said, is that the aged are properly provided for in the rural areas, not only by their children but by the villages.

Nearly every township in Shanxi has "homes for the aged".

Tianjin People's Congress Meeting Ends
SK0506101088 Tianjin City Service in Mandarin
2200 GMT 3 Jun 88

[Text] The first meeting of the Standing Committee of the municipal People's Congress ended on 3 June. The meeting passed the namelist of the Credentials Committee of the municipal People's Congress Standing Committee; approved the division of work for members of the municipal People's Congress Standing Committee; announced the namelists of members of working organs under the municipal People's Congress Standing Committee; and discussed the draft regulations which should be observed by members of the municipal People's Congress Standing Committee.

Wu Zhen, chairman of the municipal People's Congress Standing Committee presided over and addressed the meeting.

He said: The municipal People's Congress Standing Committee should regard the work of ensuring and promoting the progress of reform as its most important duty and should promote the work of the People's Congress by focusing on developing socialist commodity economy and building socialist democratic politics.

He said: The current People's Congress Standing Committee should actually strengthen its own building, honestly perform its official duties, [words indistinct], oppose and resist all kinds of malpractices, and set an example in promoting the building of the two civilizations.

Present at the meeting were Li Yuan, Liu Zengkun, Yang Jianbai, Han Tianyao, Yu Fujing, Shi Jian, Zhu Wenju, Bai Hualing, and Pan Yiqing, vice chairman of the municipal People's Congress Standing Committee; as well as Li Senrong, secretary general of the Standing Committee.

Tianjin Reduces Level of Air, Noise Pollution
OW0406122088 Beijing XINHUA in English
0653 GMT 4 Jun 88

[Text] Tianjin, June 4 (XINHUA) — Thanks to anti-pollution efforts, Tianjin residents are enjoying cleaner air and have less traffic noise and industrial waste to put up with.

Government statistics show, dust in the air has been cut by 25.42 percent in recent years, while air particle density has been reduced 31.88 percent. During the same period, the city's gross industrial output has gone up 62.9 percent, and 26.62 percent more raw coal is being burned.

In 1987, on 70 out of 100 days, visibility in the city held at ten kilometers, compared with an average of 46 days per 100 between 1980 and 1985.

The statistics also show the city's heavy metal waste has been reduced 861.9 tons, or 46.6 percent of the city's total metallic waste.

In Tianjin's four control areas, traffic noise decreased an average of 34 decibels, while the number of automobiles on the city's streets quadrupled.

The city is now recycling 39 percent of its industrial waste, like converting soda waste into cement.

According to Yue Jiwei, director of Tianjin's environmental affairs, changes in pollution levels in the city's metropolitan area are the result of a series of tough policies the city government has been enforcing in recent years.

In the battle against air pollution, Tianjin has designated 32 no-smoking regions, which cover 182.2 square kilometers, or 53 percent of the municipal area, Yue said.

The percentage of families cooking with gas has climbed from 28 percent in 1984 to last year's 93.7 percent, Yue said, and at present, 95.6 percent of the city's industrial-use smokestacks have been equipped with scrubbers.

The Tianjin city government has allocated funds to set up more waste processing facilities, and has relocated 134 pollution-emitting factories, Yue said, adding 889 areas citywide now ban the use of car horns and loud tractors.

"Tianjin's fight against pollution is far from over," said Yue, "and in the next few years cleaning up the city's drinking water will be the biggest task."

Northeast Region

Sun Weiben at Heilongjiang CPC Congress Meetings
SK0406021088 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 3 Jun 88

[Text] The Sixth Heilongjiang Provincial CPC Congress held its third presidium meeting on the afternoon of 3 June. The meeting was presided over by Comrade Sun Weiben. Attending the meeting were Chen Lei, Hou Jie, Li Jianbai, Li Genshen, Chen Yunlin, Zhou Wenhua, Wang Haiyan, Wang Zhao, Wang Yusheng, Bai Jingfu, Huang Feng, Ma Chunwa, Qi Guiyuan, and Xie Yong.

The meeting's participants listened to the suggestions offered by various delegations on electoral methods. They passed the draft namelists for ballot supervisors and chief supervisor and submitted these namelists to a plenary meeting for approval. They also listened to delegations' opinions on recommended namelists of candidates for preliminary election for members of the sixth provincial party committee, and the provincial Advisory and Discipline Inspection Commissions; defined the namelists of the candidates for preliminary election as members of the sixth provincial party committee and the provincial Discipline Inspection Commission; and adopted the draft resolutions on the reports of the provincial party committee, and the provincial Advisory and Discipline Inspection Commissions.

In addition, the sixth provincial CPC congress held its fourth presidium meeting on the evening of 3 June. Comrade Sun Weiben presided over the meeting. The meeting's participants listened to the report on the results of the preliminary election of candidates for members of the provincial party committee and the provincial Discipline Inspection Commission. A preliminary election decided the candidates for members of the provincial party committee and Discipline Inspection Commission and also decided the namelists of candidates for the preliminary election of alternate members of the provincial party committee. The namelists of the

already elected candidates for members of the provincial party committee and Discipline Inspection Commission will be submitted to the congress for formal election from among the same number of candidates.

On New Economic Zone
SK0506102988 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 4 Jun 88

[Excerpts] When the provincial party committee announced the decision to make Mudanjiang City an experimental zone for comprehensively carrying out rural and urban reforms, the Mudanjiang delegates to the sixth provincial party congress were greatly excited. At the same time, the delegates felt deeply their heavy duties and urgent tasks. This was the feeling of a reporter when he visited a discussion meeting of the Mudanjiang delegation on the afternoon of 2 June.

At the meeting, delegates from various enterprises and industrial departments and secretaries of city and county party committees pledged to use this good opportunity to display their abilities. [passage omitted]

Sun Weimen, secretary of the provincial party committee, joined the discussions of the Mudanjiang delegation. He conscientiously listened to the speeches of various delegates, noted the main points of their speeches, and often interrupted.

With regard to the reason the provincial party committee decided to build an experimental economic zone, Sun Weiben said: The people have regarded the failure to emancipate minds and do concrete work as the main problem of the provincial party committee's work. In order to change this situation, the provincial party committee is determined to build successfully a typical example in the Mudanjiang Experimental Economic Zone.

Referring to the experimental zone's prospects, Sun Weiben said: So long as the provincial and Mudanjiang City authorities emancipate their minds and conscientiously attend to their work, the experimental zone's prospects will be bright.

At Closing
SK0606083988 Harbin Heilongjiang Provincial Service in Mandarin 2100 GMT 5 Jun 88

[Text] Through the common efforts of all delegates, the Sixth Heilongjiang Provincial CPC Congress, long hoped for by the people throughout the province, concluded successfully on the morning of 5 June after fulfilling satisfactorily all items on the agenda.

During the session, all delegates heard and discussed the work reports of the fifth Heilongjiang Provincial party committee, and the provincial Advisory and Discipline Inspection Commissions. The congress session also made relevant resolutions on these three reports.

In line with legal procedures, the congress elected the sixth Heilongjiang provincial party committee, and provincial Advisory and Discipline Inspection Commissions.

The closing ceremony was held at 1000 and was presided over by Comrade Sun Weiben. Sun Weiben, Chen Lei, Hou Jie, Li Jianbai, Li Genshen, Chen Yunlin, Zhou Wenhua, Wang Haiyan, Wang Zhao, Wang Yusheng, Bai Jingfu, Huang Feng, Ma Chunwa, Qi Guiyuan, and Xie Yong were seated on the front row of the rostrum.

Comrade Sun Weiben addressed the closing ceremony.

[Begin recording] Comrade: The Sixth Heilongjiang Provincial CPC Congress has now fulfilled all items on the agenda. With the concerted efforts of all delegates, this congress has given full play to democracy, unity, and the innovating, fact-seeking, and hard-working spirit and has fulfilled all tasks successfully.

After this congress, party organizations at all levels and the broad masses of Communist Party members should implement conscientiously and comprehensively all tasks defined here under the correct guidance of the party Central Committee in an effort to guarantee that all undertakings throughout the province will enter a new stage at an earlier date.

The provincial party committee has called on party organizations at all levels, the broad masses of Communist Party members and the masses of people to further use the guidelines of the 13th party congress to unify thinking and action; enhance spirit; concentrate efforts on emancipating the mind, on reform and on the great cause of invigorating Heilongjiang; persist in deepening the campaign to discuss criterion of productive forces; use Marxist courage, insight, and resolution to continuously eliminate old ideas and systems unfavorable for developing productive forces; unswervingly deepen reform; expand opening up; grasp the given favorable conditions; and take active and prudent steps to solve difficult problems which we must not neglect.

In reform and opening up, we must not adopt a wait-and-see and dilatory attitude. We must advance by facing the stormy waves; accelerate the building of a new society of the socialist commodity economy; meticulously organize current production; strive to raise economic results; create conditions for price and wage reforms; strengthen the party's ideological, organizational, and workstyle building during reform and opening up; run the party and handle government affairs strictly; check resolutely all kinds of unhealthy trends; eliminate all corrupt practices; and enable the party and government organs to free from corruption, thus leading cadres to realistically play an exemplary role and the broad masses of party members to realistically stand the test of practice, reform, and opening up.

Comrades, the tasks of invigorating Heilongjiang are arduous, but glorious. Our province still has many difficult problems in reform and many difficulties during development. We face a new situation of challenges and opportunities and of difficulties and hopes. We should enhance our sense of urgency of (?distinguishing between right and wrong) and the people's sense of historical responsibility; emancipate the mind; enhance spirit; work with one heart and one mind; work hard and perseveringly; and strive to fulfill all tasks set forth at this party congress and to achieve a new victory in Heilongjiang's reform, opening up, and socialist construction cause.

I now declare the successful conclusion of the Sixth Heilongjiang Provincial party congress. [end recording]

Heilongjiang Party Committee Holds Session
SK0606082988 Harbin Heilongjiang Provincial
Service in Mandarin 2100 GMT 5 June 88

[Text] On the afternoon of 5 June, the provincial party committee, Advisory Commission, and Discipline Inspection Commission held their first plenary meetings.

At the first plenary meeting of the provincial party committee, participants held a panel meeting to discuss the election method, to exchange views on the choice of persons to be elected of members of the Standing Committee and secretary and deputy secretaries of the provincial party committee, and to discuss ways to revise the draft work plan of the sixth provincial party committee.

The first plenary meeting of the provincial Advisory Commission discussed and adopted the election method; exchanged views; and elected members of the Standing Committee and chairman and vice chairmen of provincial Advisory Commission.

The first plenary meeting of the provincial Discipline Inspection Commission held a panel meeting to adopt the election method; exchanged views; and elected the members of the Standing Committee and secretary and deputy secretaries of the provincial Discipline Inspection Commission.

The first plenary meeting of these three committees were presided over respectively by the conveners determined by the presidium of the Sixth Heilongjiang Provincial Party Congress, including Sun Weiben, Wang Luming, and Xie Yong.

Northwest Region

Shaanxi Governor Views Raw Materials Shortages
HK0606062588 Xian Shaanxi Provincial Service
in Mandarin 0400 GMT 6 Jun 88

[Excerpt] Governor Hou Zongbin visited five enterprises in Xian yesterday, accompanied by Mayor Yuan Zhengzhong. The plant managers reported to the governor on problems affecting development, such as shortages of raw materials and low profit.

Comrade Hou Zongbin said: The departments concerned must loosen the bonds of the enterprises and must not bind them too tightly. When raw materials are in short supply, shipping them in and out at high prices should be allowed, otherwise, it will be very difficult for the enterprises to exist.

Governor Hou Zongbin praised the method of Xian City in instituting tax contracting for collective enterprises. He said that this helps to ensure increased financial revenue and also to stimulate the initiative of the enterprises and boost their reserve strength for development. This method is worth promoting and popularizing throughout the province. [passage omitted]

Shaanxi Announces New Policies for Light Industry
HK0606060788 Xian Shaanxi Provincial Service
in Mandarin 0400 GMT 6 Jun 88

[Text] The provincial government formulated and promulgated recently 10 preferential policies to promote the vigorous development of light industry in the province. These policies are as follows:

1. Priority will be given in assigning raw materials, electric power, credit, transport, and so on, to light industrial products in short supply which yield good economic returns.
2. A price policy will be instituted of allowing high prices for good quality [words indistinct] and lifting price restrictions on small commodities. The range of price increase for high-quality products will be handled in accordance with the relevant state regulations.
3. In urban collective enterprises, the increase in production capacity resulting from the staff and workers raising capital and taking out shares for the construction of new projects can be discounted before tax, and dividends from it can be paid out of post-tax profits, in accordance with the regulations.
4. New urban collective enterprises, over 60 percent of whose workforce consists of job-awaiting youths, and over 50 percent of whose capital was raised by the enterprises themselves, will be exempt from tax for 3 years from the day that they commence production.
5. Small state-owned enterprises and collective enterprises that have been running at a loss for a long time and cannot go on operating by themselves can be tendered for, auctioned off, or transferred. This is to be done under leadership.
6. Urban collective enterprises will be exempt from tax during the year that they haul themselves out of the red.
7. Collective enterprises at county-level and in small towns below county-level will enjoy the same preferential policies as township and village enterprises.

8. Collective enterprises with good economic returns and the right conditions can exceed state enterprises in workers' wages and collective welfare benefits after retaining sufficient production development capital in accordance with the regulations. The wages of managers of well-run small enterprises can also exceed the wages of managers of large state-owned enterprises.

9. The joint-stock method of running collective enterprises is to be encouraged. The portion of production increase resulting from new share-holdings will be exempt from tax for 3 years.

10. The portion of increased profit resulting from self-raised investment in hired enterprises can be exempt from tax for 3 years.

Shaanxi People's Congress Session Concludes
HK0406011788 Xian Shaanxi Provincial Service
in Mandarin 0400 GMT 3 Jun 88

[Excerpts] The 17-day First Session of the Seventh Shaanxi Provincial People's Congress concluded this morning after completing successfully all its agenda. Sun Kehua, newly-elected vice chairman of the provincial People's Congress Standing Committee, presided at the closing ceremony. The session elected the members of the provincial People's Congress Standing Committee. [passage omitted]

Li Xipu, chairman of the provincial People's Congress Standing Committee, pointed out in his closing speech that this session was unprecedented for its heady democratic atmosphere and the strong desire of the deputies to participate in politics. He said that the congress is bound to have a profound impact on the province's political, economic, cultural, and entire social life. He also paid his respects to Yan Kelun, former chairman of the provincial People's Congress Standing Committee, and a number of retiring veteran comrades.

Shaanxi Makes Government Elections Competitive
OW0406121688 Beijing XINHUA in English
0721 GMT 4 Jun 88

[Text] Xian, June 4 (XINHUA) — Northwest China's Shaanxi Province decided to make the elections for the positions of provincial governor and five vice governors more competitive.

Before 600 local People's Congress deputies, the eight finalists each made a 10-minute speech on administrative policy.

Deputies selected the final candidates from seven nominees of the congress Presidium and 19 local leaders in reform who have a background in economics.

Hou Zongbin, 59, the only candidate for governor, said he will guarantee all tasks proposed and ratified during the recent People's Congress session will be carried out during his term, promised to maintain an honest administration, and stressed the principle of seeking truth from facts.

The winners were chosen by secret ballot after all the speeches were heard.

"In some ways, people are more interested in the competition than who is finally elected," one deputy said, "and this event is a milestone on the road to democracy."

The election was broadcast live with at least one million local residents tuned into their radio or television for the event.

"Through the speeches, both the deputies and citizens could see the candidates' ideological level, merits and personalities," one university teacher said, adding the competition gave the deputies some concrete information on which they could base their decisions.

Shaanxi Government Meeting on Current Tasks

HK0506052188 Xian Shaanxi Provincial Service
in Mandarin 0400 GMT 5 Jun 88

[Text] Just after the conclusion of the First Session of the Seventh Shaanxi Provincial People's Congress, the leading members of the new provincial government yesterday convened a meeting of prefectural commissioners and city mayors. Vice Governor Xu Shanlin spoke on tasks to be tackled at the moment, including industrial and agricultural production, finances, prices, and flood precautions.

Governor Hou Zongbin explicitly pointed out that it is essential to strictly control the number of meetings during June and July. The personnel of the provincial organs must go down to implement the spirit of the congress, provide more service and support, intervene less, and refrain from taking everything into their own hands. We should allow the prefectures and cities to formulate themselves a number of practical policies in light of their own realities, to develop their own economy.

Also present at the meeting were Sun Daren, (Wang Shuangxi), and Lin Jizhou.

Shaanxi Peasants Get Improved Water

OW0406215888 Beijing XINHUA in English
1410 GMT 4 Jun 88

[Text] Xian, June 4 (XINHUA) — Peasants in north China's Shaanxi Province are getting clean drinking water with the help of the United Nations and the World Bank.

A local official said the water contained high levels of fluoride and salt that caused teeth to turn yellow and brought on diseases such as Kaschin-Beck disease and goitre.

A total of 1.36 million peasants were affected; about a third now have clean drinking water.

To help improve water quality, the world bank granted 1.7 million U.S. dollars in interest-free loans and the U.N. World Food Program provided 43,700 tons of grain free of charge in 1985.

By the end of last year, 230 water diversion projects had been built and 300 villages now have running water.

Xinjiang Leader Views Cadre Theoretical Education

HK0606020588 Urumqi Xinjiang Regional Service
in Mandarin 0000 GMT 6 Jun 88

[Excerpts] A conference on the work of lecture groups in theoretical education for cadres, convened by the Propaganda Department of the regional party committee, concluded on 4 June. Deputy Secretary Janabil delivered a summation speech, dealing with the following four points:

1. Understand fully the importance of theoretical education for cadres. [passage omitted] The central authorities have demanded that in the future theoretical education for cadres should be focused on further emancipating the mind and further liberating the productive forces. In implementing this demand, we must give full scope to our initiative and creativity.

2. Do a thoroughly good job in education in Marxist theory on nationality and the party's nationality policies. Education in theory on nationality is an important component part of education in the basic line in the initial stage of socialism, and is the leading special topic in conducting education in this basic line in Xinjiang. In conducting this education, we must publicize in depth the idea that preserving the unity of the motherland and the solidarity of the nationalities is the sacred duty of the people of all nationalities. We must form powerful public opinion, so that the cadres and masses of all nationalities will wage struggle spontaneously against all kinds of separatist activities.

3. On the building of the lecture groups for conducting theoretical education for the cadres. There is no question of doing away with this contingent; on the contrary, it must be further augmented and strengthened. [passage omitted]

4. We must pay attention to the trends of thought among the cadres and masses. [passage omitted] We must work together to make a success of reforms and construction.

Xinjiang Leader Stresses Geological Prospecting

HK0506025788 Urumqi Xinjiang Regional Service
in Mandarin 0000 GMT 5 Jun 88

[Text] The autonomous region convened recently the 1988 conference on state project 305. Song Hanliang and Mao Dehua, responsible comrades of the regional party and government, attended the meeting and presented banners, certificates, and bonus awards to units that have scored outstanding success in prospecting and research during the past 2 years.

Song Hanliang said: We must strengthen management over the integration of geological research and prospecting and the exploitation of resources, and discover some exploitable reserves by the end of the Seventh 5-Year Plan.

He said that as a result of more than 2 years of work on state project 305, Xinjiang's prospects for the nonferrous metals industry are gradually becoming clearer. So long as we persevere, the day will certainly dawn when Xinjiang becomes a reserve base for the country's non-ferrous mineral resources.

Song Hanliang said in conclusion: In the course of opening up Xinjiang, we must consistently make reforms dominate the entire picture. We must enliven the business of converting geological prospecting into exploitable resources. We welcome the geological and mineral departments of all provinces, municipalities, and autonomous regions to tender for contracts in Xinjiang and take part in market competition. We can open up to foreigners and also to other parts of China. We should formulate some preferential policies to attract research and prospecting forces from other parts of China to come to Xinjiang, to ensure that the region will achieve great results in the remaining years of the Seventh 5-Year Plan.

President Li Admits Farm Incomes 'Relatively Low'
OW0506141488 Taipei CHINA POST in English
1 Jun 88 p 12

[Text] President Li Teng-hui yesterday admitted that the income of local farmers is relatively low, and said the government is studying ways to lower the agricultural production costs.

In a meeting with several ROC [Republic of China] legislators who are members of the ROC-USA Interparliamentary Amity Association, Li said the government is studying the feasibility of lowering fees which farmers have to pay state-run water conservancy associations.

Water conservancy associations irrigate crops in times of drought.

Local farmers are not required to pay taxes on agricultural lands unlike in other countries, and a part of their income is exempted from taxes, the president said, adding that this is evidence the government looks after the livelihood of farmers.

Members of the ROC-USA Interparliamentary Amity Association include 25 ROC legislators and 20 U.S. congressmen. The association was formed here in May.

Government Leaders on Constitutional Democracy

President 'Sincere'

OW0306061088 Taipei CNA in English 0258 GMT
3 Jun 88

[Text] Taipei, June 3 (CNA) — President Li Teng-hui said Thursday that the government is absolutely sincere in and confident of promoting constitutional democracy.

Li referred to the "May 20 incident" to support his assertion. He said he had summoned responsible government officials to hear their reports on the incident early in the next morning after the rioting.

"Nobody ever suggested during the meeting that the government reimpose the emergency decree," President Li said.

President Li made his remarks while receiving a group of Chinese scholars who returned to Taipei from abroad to attend a seminar on the Republic of China's [ROC] future political development.

The scholars told President Li that the political reforms initiated by the government of the Republic of China in recent years have won wide praise both at home and abroad. They hoped the government would continue to advance towards full democratization, and counseled the government not to over-react to social disorder.

The scholars also touched on questions concerning the strengthening of the ROC's three central parliamentary bodies and rising challenges to government authority.

After listening to the scholars' opinions, President Li said firmly that the ROC's current political development is advancing towards a brighter tomorrow for China, and is not just a game for some politicians fighting for personal interests.

The positive political development is attributable to the ethical and moral elements of the traditional Chinese culture and to the late President Chiang Ching-kuo's strenuous efforts in promoting democratization, President Li noted.

Some foreign political observers, Li said, have often ignored the factor of people and emphasized only systems and concepts when analysing the ROC's political development. As a result, their observations often were uncomfortable with the facts, he said.

During the meeting, the scholars also urged the government to be prudent in adopting its future mainland policy. They warned of the dangers of falling into traps set by the Chinese communists.

President Li agreed to the suggestion, and said he was also concerned about the unrealistic expectations entertained by some people in Taiwan of a huge potential market on the Chinese mainland.

President Li said the government will in no way revise its "no contact, no negotiation, and no compromise" policy towards the Peiping regime but will become more active and flexible in implementing its policy.

The scholars meeting with the president included Tao Pai-chuan, adviser to the president; and Professor Wang Tso-jung, Yu Ying-shih, Hsu Chuo-yun, Chiu Hung-ta, Chang Hsu-cheng, Kao Ying-mao, Hsiung Chieh, Tien Hung-mao, Chin Yao-chi, Chiu Chui-liang, Tai Kuo-hui, and Chen Chi-nan. Also present during the meeting was Chang Tsu-yi, deputy secretary-general to the president.

Premier Reaffirms

OW0606081488 Taipei CNA in English 0242 GMT
6 Jun 88

[Text] Taipei, June 6 (CNA) — Premier Yu Kuo-hua said last Saturday that the government of the Republic of China [ROC] is determined to continue promoting constitutional democracy and such efforts will never stop no matter how the environment may change and whatever difficulties the nation may face.

Premier Yu made the statement when hosting a teaparty to entertain a group of Chinese scholars from local and foreign universities and research institutions. The scholars were in Taipei to attend a seminar on the ROC's future political development sponsored by the daily newspaper CHINA TIMES.

Reaffirming the government's determination to implement constitutional democracy in the Republic of China, the premier also reviewed the ROC's political and social development during the past five months since the passing of the late President Chiang Ching-kuo on Jan. 13.

President Li Teng-hui assumed the presidency according to the constitution four hours after President Chiang's death and since then the government has functioned normally and the social order has remained stable, Yu said.

This indicated that the constitutional system has already taken a deep root in the ROC, he noted.

Although some undesirable phenomena have emerged during the process of democratization, Premier Yu said he is confident the nation will be able to weather the difficulties and become a true democracy. "We hope the transition period could be shortened so that the constitutional democracy can be realized at an early date," he said.

The scholars expressed admiration and support for the government's decision to continue democratization. The ROC's development in this direction may decide the future of China, they asserted.

Several scholars from the United States and Hong Kong pointed out, however, that the development of democracy should be cautious and gradual because true democracy can not be achieved overnight.

They all praised the government's new policy of allowing people in Taiwan to visit their relatives on the Chinese mainland, but called on the government to be careful in dealing with the Chinese communists because the Peiping regime has not yet abandoned its attempts to take Taiwan by force. The government should always give top priority to the maintenance of national security while seeking to take more open policies, they said.

SRV Trade Okayed; USSR Trade Trip Still Uncertain
OW0506143488 Taipei CHINA POST in English
1 Jun 88 p 12

[Text] The Economics Ministry has agreed that direct trade with Vietnam should be opened, a high-ranking ministry official said yesterday.

Economics Vice Minister Wang Chien-shien confirmed yesterday that a Cabinet ad hoc committee is studying an application by the semi-official China External Trade and Development Council to send a trade delegation to Vietnam.

The ministry said it does not object to the trip as long as national interests are not harmed.

However, the ministry recently rejected an application by the Taiwan Importers and Exporters Association (TIEA) to send a fact-finding mission to the Soviet Union.

The ministry said it has no discrimination against the trip to the Soviet Union.

It said CETRA helped organize the Vietnam trip at the invitation of the Vietnam authorities during the April 28-30 Asian Development Bank annual convention in Manila.

But the TIEA is planning the visit to the Soviet Union out of local businessmen's personal interests, it said. Therefore, the ministry has required the association to present detailed information including which Soviet agencies invited them and what the purposes for the trip are.

There would be no guarantee of safety for local businessmen on any visit to the Soviet Union without an official invitation, a ministry official said.

SRV Trip Planned for July
OW0406115588 Taipei CNA in English 0410 GMT
4 Jun 88

[Text] Taipei, June 4 (CNA) — The first Republic of China [ROC] trade mission to visit Vietnam since that country fell to communist rule in 1975 may set off on its journey in July, the China External Trade Development Council (CETRA) said Friday.

CETRA has filed an application with the Executive Yuan to send a mission to study the Vietnam business climate and to seek trade opportunities there, Chiang Ping-kun, secretary general of the Trade Promotion Organization, said at a press conference.

If the application is given a green light by the Government, Chiang said: "The CETRA mission will leave for Vietnam in July."

CETRA will take advantage of the visit to study the possibility of importing agricultural and industrial materials from Vietnam and exporting ROC-made products to that country, he noted.

The semi-official CETRA has played an important role in promoting ROC trade with East European countries. It sent the nation's first trade mission to several Eastern Bloc countries last September, and then presented several suggestions to the Government after the mission's return.

At the beginning of the year, the ROC Government announced it would lift a decades-old ban on direct trade with East European countries. Since then, trade between the nation and that region has increased substantially.

Media Responsible for Mainland Policy Confusion
OW0306081488 Taipei International Service
in English 0200 GMT 3 Jun 88

[Station commentary "Government Clarifies Mainland China Policy"]

[Text] Ever since the Republic of China [ROC] on Taiwan lifted a ban on travel to the China mainland last November, a sort of mainland mania has gripped Taiwan. People of all walks of life have anticipated further breakthroughs toward the mainland, despite the fact that the government is hesitant to expand the opening for security and other reasons of logistics.

The original opening involved only those people with relatives on the mainland. Out of humanitarian concerns, the government decided there would be little to lose and much to gain by permitting family reunions after nearly 40 years of separation across the Taiwan Strait.

Local papers reported this week that since the ban on family visits was lifted, 160,000 persons have registered to make mainland visits. Of these, 97,000 have already left for the mainland, while nearly 69,000 have already returned.

In January, the government announced that it would conduct a 6-month review of the mainland visit policy, with an eye toward determining the security constraints on expansion of the policy to include visits by Taiwan Chinese who do not have relatives of the mainland. This review is currently in process, but, to cool the mainland mania somewhat, the government announced this week a set of guidelines on who may and who may not visit the mainland under the current policy. The guidelines also set forth the parameters of trade and other indirect contacts with the mainland.

Among these, the government says it will not permit sightseeing trips to the mainland, direct trade with the mainland, and direct business transactions in other countries between Taiwan traders and their mainland counterparts. In addition to this, the government will continue a ban on visits to the mainland by scholars, artists, journalists, or other such persons and will not allow missionaries to tour the mainland as well. The ban also includes visits to the mainland by film production crews, and the government will continue to ban visits to Taiwan by mainland athletes, scholars, journalists, and cultural exchange groups.

The government felt that a clarification was needed at this point because many people had become confused over the policy, thanks in large part to the wide speculation that makes its way into the printed media everyday, but the government remains under increasing public opinion pressure to further liberalize its policy toward the mainland. The one-way contacts from Taiwan to there are generally viewed as being good for Taiwan as

those who return seem to share a feeling of disappointment in the mainland, thereby increasing their confidence in Taiwan's system, government, and way of life. The one-way visits also are an excellent channel for spreading the good news about Taiwan's development success to the people on the mainland.

The government is not ignorant of the upside of the mainland policy, but it is ever vigilant about the downside; that is, the conflict between rising expectations and down-to-earth security concerns. A happy medium must be arrived at gradually.

Government Considers Lifting Mainland Trade Ban
HK0606034588 Hong Kong HONGKONG STANDARD
in English 6 Jun 88 p 6

[By Chan Wai-fong]

[Text] Taiwan is considering lifting penalties on Taiwan investment in the mainland, a move that is tantamount to tacit consent of the deals it now considers illegal.

Taiwan still rules out direct trade with the mainland, its long-time rival, and maintains the "three nos" policy of no contact, no negotiation and no compromise.

Businessmen in the island republic are allowed to deal with their mainland counterparts across the Taiwan Strait only through a third party, such as Hong Kong or Singapore.

Mr John C I Ni, Director General of the Industrial Development and Investment Centre (IDIC) of the Ministry of Economic Affairs, said related legislation was being studied and could be revised to accommodate recent developments.

Mr Ni was in Hong Kong last week for a seminar on investment opportunities in Taiwan and said: "These rules were made many years ago."

At the moment, Taiwan ruling Kuomintang (KMT) government is reviewing its mainland policy, including mainland visits, trade and other exchanges on sports, cultural and academic activities.

The calls for direct trade with the mainland have become more vocal lately. However, it is unlikely the Kuomintang government will lift the ban, not for at least another year, according to reports from Taipei.

Mr Ni was emphatic the "third party indirect trade" principle would still be upheld.

"But with some flexibility," he added.

He said "the mainland's attitude" would be a crucial factor in deciding whether or not to relax the ban.

"They (the mainland) have not yet abandoned the possibility of a military takeover of Taiwan," he said.

Late last month, a Taipei court sentenced a diplomat from the South American Republic of Surinam to six years' jail for arranging a direct business deal between Taiwan and mainland Chinese companies.

Despite the ban, business between the two places has been booming and Taiwan investments in China are reported to have risen rapidly.

The development apparently has gone beyond the expectation of the KMT government.

Observers here contend that lifting the penalties on Taiwan traders who deal directly with the mainland was a pragmatic response of the KMT government to the current development while sparing the need to change the "three nos" policy.

Mr Ni said that as well as the expected revision to related legislation, Taiwan investments in the mainland were "OK" as long as Taiwan people did not manage them.

"Yes, many (Taiwan investments in the mainland) are under negotiation at the moment. But we advise them (Taiwan traders) to conduct them in co-operation with a third party in order to play safe," he said.

The Hong Kong branch of Taiwan's Far East Trade Service Inc, Taiwan's trade representative in the territory, will be expanded with at least five more staff to help Taiwan investors in Hong Kong and also on the mainland.

Hong Kong, while benefiting from its "third party" position in the political game with its rival across the Taiwan Strait, is also affected by the policy.

The Kuomintang government has been very cautious about mainland investments getting into Taiwan disguised as Hong Kong and Macao investments.

Mr Ni admitted that screening investments from Hong Kong and Macao had led to prolonged delays and much inconvenience.

A review of related policies had already started and "hopefully, they may revert to the original situation," he said.

At present, it takes between two-and-half to three months to examine a Hong Kong investment, six weeks more than the original five-week screening period.

Government Relaxes Family Travel to Mainland
OW0406141288 Taipei CNA in English 0405 GMT
4 Jun 88

[Text] Taipei, June 4 (CNA) — The Executive Yuan decided in principle Friday to include cousins as part of mainland relatives that the people in the Republic of China [ROC] on Taiwan are allowed to visit.

ROC people have been allowed to visit their parents, children, sisters, and brothers on the Chinese mainland since the Government permitted the family visits last November.

At a meeting held to review the policy, the Government decided to still limit the number of mainland visit to 1 each year and not to last longer than 3 months. For the convenience of the visitors who need to obtain a Hong Kong visa, the validity period for the entry and exit permit will be extended from the current 6 months to 1 year.

The meeting was presided over by Vice Premier Lien Chan and attended by ranking government officials from responsible government agencies.

The participants urged the Government to continue carrying on the family visit policy for humanitarian reasons. They stressed, however, that the Government should insist on its "no contacts, no negotiations, and no compromise" policy towards the Chinese Communists and should promote publicity program to let all citizens realize what the Chinese Communists' evil nature and plots are.

Household Incomes, Spending Show Increases
OW0606075188 Taipei CNA in English 0314 GMT
6 Jun 88

[Text] Chung Hsin New Village, central Taiwan, June 6 (CNA)— The Taiwan provincial government [TPG] announced Sunday that the average annual household income and expenditures in Taiwan Province had increased a significant 6.03 percent and 3.85 percent respectively during the last four years.

According to preliminary statistics, TPG said the average annual household income in Taiwan reached NT [new Taiwan] dollars 399,289 (US dollars 11,250) in 1987, up 7.27 percent over 1986, or an annual average growth of 6.03 percent between 1984 and 1987.

TPG also said annual household expenditures averaged NT dollars 256,536 (US dollars 8,938.54) in 1987, an increase of 6.03 percent over 1986 and an annual average increase of 3.85 percent for the four-year period.

TPG said the quality of life in Taiwan has gradually improved in light of the increasing annual incomes and the continuous progress of economy.

Expenditures for food as a part of total household spending stood at 35.19 percent in 1987, 2.23 percent less than in 1984, but expenditures for communications, and education and recreation rose to 8.85 percent and 10.24 percent from 1984s 8.49 percent and 8.53 percent, respectively.

U.S. Senator Leads Visiting Delegation
OW0306171888 Taipei CNA in English 0313 GMT
3 Jun 88

[Text] Taipei, June 3 (CNA) — U.S. Senator Peter V. Domenici, R.-N. Mexico, and New Mexico Gov. Garrey Carruthers, leading a seven-member delegation, arrived in Taipei Thursday for a three-day visit.

They were greeted upon their arrival by Liu Po-lun, director of the Foreign Ministry's North American Affairs Department.

During their stay in the Republic of China, the American visitors will be received by President Li Teng-hui and call on Premier Yu Kuo-hua and Foreign Minister Ting Mou-shih to exchange opinions on matters of mutual concern.

Senator Domenici and his delegation are scheduled to depart on Saturday.

Hong Kong

More on Director Ji Pengfei's Official Visit

Supports Airport Plans

HK0406030388 Hong Kong SOUTH CHINA MORNING POST in English 4 Jun 88 p 2

[By Chris Yeung]

[Text] China has pledged its full support for any airport plans Hong Kong may have and will not interfere with the government's decision, according to visiting senior Chinese official, Mr Ji Pengfei.

Mr Ji, the director of the Chinese State Council's Hong Kong and Macao Affairs Office, was speaking after inspecting the facilities and operations of Kai Tak Airport yesterday.

With Secretary for Economic Services, Mrs Anson Chan, and the Director of Civil Aviation, Mr Trevor Thorpe, acting as guides, Mr Ji spent 1 and 1/2 hours touring the arrival and departure areas, the airfield and hangars and the maintenance, cargo and fire-fighting facilities.

While inspecting the control tower, Mr Ji had a radio conversation with the pilot of a CAAC flight just arrived from Fuzhou.

Asked if he felt Hong Kong needed a new airport, Mr Ji said: "Hong Kong's airport has to be expanded further to meet future demand. Any decision, say, on the expansion of the present airport or the building of a new one, should be made by the government. We will give our support."

He said the airport had a key role in regional transport and expressed concern at its ability to meet future demands.

At an earlier briefing, Mrs Chan pointed out the airport played a vital role in Hong Kong's economy, not least in facilitating the steady growth in trade and tourism between Hong Kong and China.

She also briefed Mr Ji on a series of airport development consultancy studies commissioned to ensure Hong Kong would have adequate airport facilities well into the next century.

These included the international airport consultancy study scheduled to be completed at the end of this year on the ultimate capacity of the airport. A preliminary decision on the timing and provisions of a replacement airport is also expected at about the same time.

Mr Ji and his entourage, including his deputy Mr Li Hou, later attended a lunch hosted by the Secretary for District Administration, Mr Donald Liao, at the Regent Hotel.

Mr Liao said he had briefed Mr Ji on the latest developments in the territory since his first visit in late 1985, adding that political reforms had not been touched upon.

Encourages Basic Law Feedback

OW0406162088 Beijing XINHUA in English 1525 GMT 4 Jun 88

[Text] Hong Kong, June 4 (XINHUA) — People of all walks of life and various organizations in Hong Kong are encouraged here today to express their opinions through different forms on the Draft Basic Law of the Hong Kong Special Administrative Region, according to Ji Pengfei, director of the Hong Kong and Macao Affairs Office under the State Council.

Speaking at a luncheon here in honor of visiting members of the Drafting Committee of the Basic Law, Ji said that the drafting of the Basic Law of the Hong Kong Special Administrative Region is the major event in the transitional period. The drafting of the Basic Law is to codify in legal terms the grand concept of "one country, two systems" and principles and policies of the Chinese Government stated in the Sino-British Joint Declaration's legal guarantee for Hong Kong's stability and prosperity.

The publication of the Draft Basic Law for solicitation of opinions marks the new stage in the drafting work. The current Draft Basic Law crystalizes the hard work and cooperation of all members of the Basic Law Drafting Committee and the Basic Law Consultative Committee. It is also the result of efforts and collective wisdom of people of all circles in Hong Kong, Ji said.

He said that the drafting process is the process to which people will try to seek common ground by consulting each other and understanding each other's thinking and problems. The current Draft Basic Law contains some provisions on which there are different views and therefore, different options are listed in parallel. By comparing and discussing the different options and drawing useful ideas to improve weakness of some provisions, people from all circles will be able to bring their views closer and further improve the provisions of the Basic Law.

T.K. Ann, chairman of the Consultative Committee of Basic Law (CCBL), said that Mr. Ji and members of the Drafting Committee from the mainland together with the Hong Kong drafters will explain to the Consultative Committee members and the Hong Kong public the "Draft Basic Law for solicitation of opinions" and listen to their views.

He said since the publication of the Draft Basic Law on April 28, people have shown great concern over the contents of the draft and how consultation is to be conducted.

He noted that in addition to holding exchange sessions with the various CCBL special groups, the CCBL has made arrangement for about 160 organizations, 700 representatives and individuals, to meet the visiting members of the drafting committee in coming weeks.

This morning, the CCBL held a seminar. Participants included Ji Pengfei, director of the Hong Kong and Macao Affairs Office under the State Council, Li Hou and Lu Ping, deputy directors of the Hong Kong and Macao Affairs Office under the State Council and visiting members of the Basic Law Drafting Committee.

On Post-1997 System

HK0506004088 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 5 Jun 88 p 2

[By Stanley Leung]

[Text] A visiting senior Chinese official said yesterday it was a difficult task to design a future political system that could retain merits of the current system and suit Hong Kong's need for gradual development.

The remarks on the design of the post-1997 political system were made by the chairman of the Basic Law Drafting Committee, Mr Ji Pengfei, at a lunch attended by many drafters and members of the Basic Law Consultative Committee [BLCC].

Mr Ji, the director of the State Council's Hong Kong and Macao Affairs Office, his two deputies, Mr Li Hou and Mr Lu Ping, and several influential mainland drafters are here on a three-week visit to hear local views on the draft Basic Law.

He said it was an extremely difficult task to work out such a democratic system, which not only suited Hong Kong's need for gradual development but retained merits of the current system as well.

It was an equally difficult task to have such a special administrative region that could uphold national unity without sacrificing its high degree of autonomy.

Mr Ji said the drafting of the Basic Law was to codify China's basic policies on Hong Kong, spelt out in the Joint Declaration under the concept of "one country, two systems", so that the territory's prosperity and stability could be adequately protected by laws.

The last similar address by Mr Ji to a large gathering of BLCC members and advisers was made when he officiated at an inauguration ceremony of the committee in December 1985.

He described the drafting of the mini-constitution as a major event during the transitional period.

"The drafting of the Basic Law also sees a process of consultation, accommodation and reaching of consensus among various sectors in the community," he said.

The senior official believed people from various sectors could hold discussions and make comparisons on different options listed in the draft in order to achieve closer views.

Mr Ji also gave a mandate to the 180-strong BLCC to solicit local opinions on the draft on behalf of the drafting committee. He called on members of the public to air their views actively through the different channels provided.

Chairman of the BLCC, Mr Ann Tse-kai, said at the lunch the committee had made arrangements for about 160 organisations and 700 representatives to meet the visiting drafters in the coming weeks.

By the end of last month, he said, the committee had distributed 700,000 Chinese copies and 200,000 English copies of the draft. And about 90 written submissions had been received.

Earlier yesterday the mainland team discussed a wide range of subjects in the draft with 13 executive members and nine advisers of the BLCC.

A mainland draft, Mr Xiao Weiyun, a co-convenor of the political sub-group, said a consultation exercise was also proceeding on the mainland.

Panel discussions would be held with standing committee members of the National People's Congress and Chinese People's Political Consultative Conference. The State Council organs, especially those involved with Hong Kong, would be consulted on the draft.

Mr Xiao believed results of the mainland consultation might also be made public in due course.

CPPCC Lauds Hong Kong Draft Basic Law

OW0606141588 Beijing XINHUA in English
1356 GMT 6 Jun 88

[Text] Beijing, June 6 (XINHUA) — After 34 months work, a draft basic law of the Hong Kong Special Administration Region for soliciting opinions has been completed.

And the draft fully reflects the spirit of democratic consultation to seek a common ground to resolve differences, Hu Sheng, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), told the Second Plenary Session of the Standing Committee of the Seventh CPPCC National Committee today.

Hu, vice-chairman of the Drafting Committee, said the draft has followed the principle of "one country, two systems" that guarantees Hong Kong a high level of autonomy after the Chinese Government resumes sovereignty in 1997.

The draft was a major part of the agenda of the committee's four-day meeting.

Hu said opinions of experts in various fields were consulted in the preparation of the draft.

He said that while the principle of "one country, two systems" is important to China's overall development strategy of Hong Kong, some Hong Kong residents have doubted whether it will allow a basic law to be formulated.

Therefore, it is necessary to boost the confidence of Hong Kong residents by soliciting their opinions, Hu said.

He urged CPPCC Committee members to support the move and to encourage discussions so that more people will care about the draft law.

Editorial Questions Dual Nationality

HK0406040188 Hong Kong HONGKONG STANDARD
in English 4 Jun 88 p 10

[Editorial: "Dual Nationality: China Needs To Hear the People's Voice"]

[Text] Dual nationality in the Basic Law context is an extremely sensitive issue. But on balance top Chinese official Mr Lu Ping appears to favour some sort of accommodation. The people who seem to matter most in Hong Kong—the moneyed and the middleclass—would welcome this, if it were only so simple.

That the issue remains one of the key unresolved issues of the Basic Law draft shows how difficult it has been for either the drafters or the Chinese Government to find a way out. Dual nationality is not permitted by the Chinese Constitution, yet the fact remains that if we are to make some effort to stop the brain drain and to retain talented people in the administration after 1997, we must find a way to allow those who hold foreign passports not only to remain, but also to be eligible for the top executive jobs and for the legislature.

Many of the top local people already hold foreign passports. At the rate things are going, many more will have them before 1997 comes around. Elsewhere such grasping for a second nationality might be looked upon as treacherous. Hong Kong people, all too pragmatic, see it as merely putting on a lifebelt. Beijing's leaders, equally pragmatic, see it as inevitable given China's recent past, especially the upheavals of the Cultural Revolution. Hence the tenor of Mr Lu Ping's message in an exclusive interview with THE STANDARD yesterday.

On the other hand, Hong Kong people who are determined to stay after 1997—or who have little or no choice in the matter—have the right to ask if this is at all fair. Shouldn't they, rather than the Doubting Thomases, have priority? Isn't this what freedom from colonial rule after 160-odd years means—the right to those plums? For almost two years Hong Kong people have been divided. It is not a simple case of the middle-class against the have-nots. The division cuts across all sectors; even the expatriate community has been at odds over this. The drafters could not agree, and China has received no clear signal from Hong Kong.

The issue has wider implications, though obviously Hong Kong's best interests must come first. Chinese acceptance of dual nationality is not likely to go down well with the governments and peoples of Southeast Asia. These are areas where a lot of overseas Chinese live. They have long been viewed with suspicion and fear as a potential fifth-column of a Communist China bent on swallowing up all those smaller countries. The Chinese constitutional position of not allowing dual nationality has been a reassuring factor in the improving relations between Beijing and the rest of the region.

Beijing could, conceivably, amend the constitution to ensure that only those Chinese of Hong Kong origin would be covered by any change. China's leaders could then go around the region and explain why such a move was necessary, but the regional governments would only find it acceptable if there was a clear demonstration of a need to amend the constitution this way.

From the viewpoint of these governments, there would appear to be a marked absence of proof so far, for the simple reason that nobody knows for sure if this is what Hong Kong people want.

China, on the basis of current facts about resignations from the administration and the rate of emigration, could make a decision without referring to Hong Kong people, but this might just be the sort of substantiation that some Doubting Thomases would be looking for to convince themselves that China is interfering in local affairs. Mr Lu Ping now makes clear that Beijing would rather avoid this altogether, preferring Hong Kong people to make the decision themselves, provided, of course, that Hong Kong people make their wishes known.

There has been little indication so far that Hong Kong people are coming to grips with the Basic Law draft in the way they should. The draft may not matter much to those who are leaving and who have made up their minds not to return, but the vast majority will remain and it is to this majority that the Basic Law will matter very much. There is a need for them to speak up, to voice objections if there are any, and to give some clear signal on crucial issues where various options have been set out in the draft.

As Mr Lu Ping has indicated, it is best for people here to decide things for themselves. At the end of it all, the people have to live here, and live by the Basic Law. Speaking out now may make all the difference.

Macao

XINHUA Branch Office Fetes Macao Governor
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[Text] Macao, 4 Jun (XINHUA) — Zhou Ding, director of the Macao branch of the XINHUA NEWS AGENCY, feted Macao Governor and Mrs Melancia on 3 June on their return from a successful visit to Beijing.

Delivering a speech at the banquet, Zhou Ding said: During his visit to Beijing, the Macao governor exchanged opinions with Li Peng, premier; Ji Pengfei, director of the Hong Kong and Macao Affairs Office of

the State Council; and Zhou Nan, vice minister of foreign affairs, on major issues concerning Macao in the transitional period. This will play a positive part in promoting mutual trust, furthering friendly cooperation in the future, executing the Sino-Portuguese Joint Declaration in a comprehensive manner, and carrying out various activities in the transition period.

Melancia said: During his visit, both sides repeatedly reiterated that they will completely observe the joint declaration and maintain Macao's stability. This will contribute to greater development in Macao and to more well-being for the Macao residents.

Others attending the banquet were the governor's entourage during his Beijing visit as well as Hu Houcheng, deputy director of the Macao branch of the XINHUA NEWS AGENCY, and Ke Zhengping, counselor of the Macao branch of the XINHUA NEWS AGENCY.

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